



R68674



Presented to
The Library
of the
University of Toronto
by
F. M. Feehan, Esq.

HANDBOUND
AT THE



UNIVERSITY OF
TORONTO PRESS

CA1
Z 1
- 59421

Government
Publications

Cage

Canada. Royal commission on the
Great Slave Lake Railway.

Hearings. v. 20-21, 1959.

1960



Digitized by the Internet Archive
in 2023 with funding from
University of Toronto

3773

ROYAL COMMISSION

ON

GREAT SLAVE LAKE RAILWAY

HEARINGS

HELD AT
EDMONTON, ALBERTA

VOLUME No.: 20

DATE:

OCT. 20/59

OFFICIAL REPORTERS
ANGUS, STONEHOUSE & CO. LTD.

372 BAY STREET
TORONTO

EM. 4-7383

EM. 4-5865



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

ROYAL COMMISSION ON
THE GREAT SLAVE LAKE RAILWAY

Hearings of the Royal Commission
on the Great Slave Lake Railway
held at the Court House, Edmonton,
Alberta, at 10.00 a.m., October
20th, 1959

PRESENT:

MR. M. E. MANNING	Chairman
MR. WALTER D. GAINER	Member
MR. JOHN ANDERSON-THOMSON	Member

MR. FRANCIS M. FEEHAN	Counsel
MR. A. PATERSON	Secretary



THE CHAIRMAN: You were going to get some distances for us, I think, Mr. Gordon.

MR. GORDON: Yes.

THE CHAIRMAN: Churchill to Fort Saskatchewan.

MR. GORDON: I am afraid, sir, that Churchill to Fort Saskatchewan is possibly the one I overlooked. I will get that for you later this morning. I will put a call to the railway and have them check it for me.

THE CHAIRMAN: Lynn Lake to Noranda.

MR. GORDON: No, I haven't Lynn Lake to Noranda. I wasn't able to check that in my office.

THE CHAIRMAN: Fort Saskatchewan to Noranda.

MR. GORDON: I was able to get that. That was 1899.2 miles.

THE CHAIRMAN: Fort Saskatchewan to Tacoma?

MR. GORDON: Fort Saskatchewan to Tacoma - I will also give you that later in the morning. That is one on which I have to check up the American portion on it.

THE CHAIRMAN: You can get for us Churchill to Fort Saskatchewan, can you, Mr. Gordon?

MR. GORDON: Oh, yes, very easily.

THE CHAIRMAN: Lynn Lake to Noranda and Fort Saskatchewan to Tacoma.

MR. GORDON: Yes. I have some other mileages here which I think will be of interest to the Commission. This is one I was asked to get: Pine Point to Dawson Creek via Grimshaw - that will be by



Rycroft around N.A.R. from Grimshaw - is 732.1 miles.
Pine Point to Waterways and Waterways to Edmonton,
699.7 miles. Lynn Lake to Fort Saskatchewan, 858.1
miles.

THE CHAIRMAN: 900 was the figure we got
yesterday.

MR. GORDON: Yes. Hope to Fort Saskatchewan
- I estimated that yesterday and I was slightly high
on it. The actual distance is 686.9 miles. From
Pine Point to Vancouver via Grimshaw and Dawson Creek,
1457.3 miles. Pine Point to Vancouver via Waterways
and Edmonton, 1464.7.

THE CHAIRMAN: Pine Point to Vancouver via
Grimshaw and Dawson Creek is - -

MR. GORDON: 1457.3.

THE CHAIRMAN: And to Vancouver via Water-
ways and Edmonton - there is not much difference.

MR. GORDON: No. They would both come
in the same rate block; they are both within the
1450 and 1470 mileage block.

Pine Point to Prince Rupert via Dawson Creek,
P.G.E., Prince George and C.N. is 1453.8 miles.

COMMISSIONER GAINER: That is via Edmonton,
Prince George, is it, C.N.?

MR. GORDON: No, that is via Dawson Creek
and P.G.E. and then Prince George. The mileage to
Prince Rupert coming around Edmonton via Waterways is
1656.1.



The interesting point, of course, in these comparisons is from Pine Point to Vancouver via both routes and Pine Point to Prince Rupert via the P.G.E. and Prince George are always in the same rate group in the railways, and these three would carry the same rate, providing, of course, that you did not take into consideration that any movement over the P.G.E. requires a joint rate over two or more carriers; and with the N.A.R. it is considered a branch of both the C.P.R. and C.N.R. and they are figured on a through rate basis, whereas going on to the P.G.E. the usual thing is, although there are exceptions to it, that the rate is higher over a joint movement.

COMMISSIONER GAINER: Pine Point to Vancouver via Grimshaw and Dawson Creek would be around the jog to Rycroft.

MR. GORDON: Yes, and P.G.E. from there on. It would depend entirely on negotiation between the carriers. The railways can carry it through all the way without handing it to someone else, and they would hesitate giving a competitor a part of the haul.

THE CHAIRMAN: Have you got the distance by rail from Grimshaw to Dawson Creek?

MR. GORDON: That is made up as follows: From Grimshaw to Winagami is 65.3; Winagami to Rycroft is 88.8, and Rycroft to Dawson Creek is 138.0 miles, which would make it 292.1 miles.

THE CHAIRMAN: What is the direct route, as the crow flies?



MR. GORDON: I couldn't say, sir. I haven't attempted to calculate that.

COMMISSIONER GAINER: Presumably the shortest route would possibly be if the connection is made between Hines Creek and Fort St. John, that at the most you could cut out about 200 miles.

MR. GORDON: I don't think you could cut out that much. I think that owing to the curvature they would have to have a rather circuitous route to get through there; they couldn't make a route as the crow flies. Mr. Grimble could possibly speak on that.

THE CHAIRMAN: How far is it from Hines Creek to Fort St. John as the crow flies?

MR. GRIMBLE: About 100 miles. About 150 miles by rail is the route we think is practical, after discussing it with Major Charles and considering the route.

THE CHAIRMAN: From Hines Creek to Fort St. John.

MR. GRIMBLE: Yes.

THE CHAIRMAN: How far is it from Fort St. John to Hines Creek.

MR. BISHOP: You mean Grimshaw to Hines Creek, Mr. Chairman?

THE CHAIRMAN: Yes.

MR. GRIMBLE: It is 50 miles, roughly. Grimshaw is Mile 333.7 from Edmonton and Hines Creek



is 381.8. It is 48.1.

THE CHAIRMAN: 150 miles by rail from Hines Creek to Fort St. John.

MR. GRIMBLE: Yes.

THE CHAIRMAN: Then from Fort St. John to Dawson Creek?

MR. GORDON: Well, the railway doesn't go that way. Dawson Creek is at the end of a different spur. If my memory serves me correctly, I think there is roughly about a 30-mile difference. Actually taking it from Fort St. John, Dawson Creek to Vancouver or to Prince George, there is roughly about a 30-mile difference. I could check that.

THE CHAIRMAN: If there is a hook-up from Hines Creek to Fort St. John it only saves about 30 miles, the distance from Peace River to Vancouver.

MR. GORDON: Yes. If that were so, sir - there would have to be a joint rate published - it is very doubtful if there would be any appreciable difference, considering the actual length of the haul, in freight charges on the two routes.

THE CHAIRMAN: Mr. Gordon, it has been sometimes said that there would be a great advantage to the Peace River area if the railway were extended from Hines Creek to Fort St. John, but it only means a saving of 60 miles, does it?

MR. GORDON: That is roughly what it would mean. That is assuming that my memory serves me



correctly. I haven't checked that for two or three years since the railway first went into Fort St. John. If my memory serves me, the difference would be 30 miles. The approximate distance - the total distance over which the haul would be made, considering the fact that you would have a single line rate over one route and a joint rate over two competing carriers by another route - my estimate would be that the actual freight rate would be more or less equal, because the major railways, C.P.R. and C.N.R., in order to hold that business on their own line, would meet the competition by the P.G.E.

COMMISSIONER THOMSON: From Hines Creek to Fort St. John, according to this map, is 50 miles as the crow flies.

MR. GORDON: There is a map of the railways of western Canada. The extension of the C.P. is not put on. Fort St. John would be roughly about here. It is roughly due west of Hines Creek. But in order to get here, it is necessary to go approximately 50 miles north in order to get a good crossing of the Beaton River.

THE CHAIRMAN: You have to cross the Beaton?

MR. GORDON: Yes.

COMMISSIONER GAINER: Did you scale the distance from Rycroft to Dawson Creek? That would be roughly about the same, would it?

MR. GRIMBLE: No, it would be shorter.



It would be much easier to build.

MR. BISHOP: Mr. Chairman, would it be in order for Mr. Grimble to develop this question of what a railroad would probably have to traverse to make a connection from Hines Creek to Fort St. John? It seems to me that it is important, because in the British Columbia brief they have estimated 100 miles for that connection in their table on page 22, their table of comparative distances.

COMMISSIONER GAINER: I think that would be a matter of considerable interest and concern.

MR. BISHOP: It makes quite a difference in the comparative merits.

THE CHAIRMAN: Mr. Gordon, you have given us a number of figures today. Would you mind checking them with those in the British Columbia brief on page 22 and seeing where you agree and pointing out to us if there is any disagreement?

MR. GORDON: I can do that very easily, sir.

I have three more mileages here which may be of interest. These are mileages to Tacoma, where there is a refinery. The mileage from Pine Point to Tacoma via Grimshaw, Dawson Creek and P.G.E. to Vancouver and Great Northern to Tacoma is 1647.3 miles. The distance from Pine Point to Tacoma via Waterways, Edmonton, C.N.R. to New Westminster, which would be the transfer point, and G.N.R. is 1634.4 miles.

THE CHAIRMAN: You can get to Tacoma more



readily by coming through Waterways and Edmonton.

MR. GORDON: Yes, just considering the extension which this Commission is considering, that is the extension of the Northern Alberta Railway to Pine Point, and disregarding any other line which is not presently constructed. That is the shortest route presently existing with the extension and using Major Charles' figures as the distance from Waterways and Grimshaw to Pine Point.

THE CHAIRMAN: There is so much twisting around in British Columbia that that makes up for the extra distance that is taken going to Pine Point and a little bit east.

MR. GORDON: Yes. Another point is the fact that, going by the P.G.E., you must interchange at Vancouver, whereas going by C.N. and Great Northern you would interchange at New Westminster and save about 12 miles; there is not much more than 12. But it is slightly shorter going via Waterways and Edmonton than by Dawson Creek and P.G.E.

MR. BISHOP: Mr. Chairman, this will no doubt be in the further information you asked Mr. Gordon for, but I note on the table in page 22 of the British Columbia brief that they are comparing various distances to Tacoma. For the eastern route they show it down through Edmonton and down through Kingsgate rather than going to New Westminster.

MR. GORDON: That would be 1730.5 miles,



or roughly 100 miles further than the short distance through Vancouver.

MR. BISHOP: In other words, it is longer via Kingsgate than it is via New Westminster, so the comparison is not valid here because the best eastern route is not shown.

MR. GORDON: I may say that in checking that I happen to have figures in my office in a case I worked on a few years ago, and I happened to have those figures in my material on that, and I also checked four combinations of rates, not including the P.G.E., at that time. But the shortest route was via New Westminster. The next shortest was via Kingsgate, and the next shortest was via Coutts, Selby and C.N.

THE CHAIRMAN: Mr. Gordon, have you got there the distance from Pine Point to Trail via the eastern route and the western route?

MR. GORDON: No, I haven't those figures here, sir. I could arrange to check those and have them here this afternoon.

THE CHAIRMAN: Yes, I would appreciate that.

MR. GORDON: Pardon me, I may have them in my file here. Yes, here they are. To Tadenac, British Columbia - incidentally, this is the refinery, and not Trail. I know that country very well, and Tadenac is the station.



THE CHAIRMAN: How is it taken from
Tadenac to Trail?

MR. GORDON: Well, the refinery - the
railway station is called Tadenac. From Pine Point to
Grimshaw is 430 miles. Grimshaw to Edmonton is 334.
Actually that should be 333.7, but in this particular
instance the decimal fraction makes no difference.



Pine Point to Waterways, 395 miles; Waterways to Edmonton, 305 miles; Edmonton to Tadanec, 650 miles, making a total of 1,350 miles.

COMMISSIONER GAINER: 1,390 miles?

MR. GORDON: 1,350 miles.

COMMISSIONER GAINER: What were the figures again?

MR. GORDON: Pine Point to Waterways, 395 miles; Waterways to Edmonton, 305 miles; Edmonton to Tadanec, 650 miles, making a total of 1,350 miles. That is a difference of 64 miles in the actual haul.

THE CHAIRMAN: Thank you very much, Mr. Gordon. If you could get those other figures for us we would be grateful.

MR. GORDON: I will make a note of them.

THE CHAIRMAN: Churchill to Fort Saskatchewan; Lynn Lake to Noranda; Fort Saskatchewan to Tacoma. I think we have that, have we not?

MR. GORDON: We have Edmonton to Tacoma and we would just have to add the distance from Fort Saskatchewan to Edmonton, and that would give us Fort Saskatchewan to Tacoma.

THE CHAIRMAN: You havee not given us the breakdown Pine Point to Tacoma.

MR. GORDON: I have the breakdown here

THE CHAIRMAN: Well, you can work it out and let us have it along with the others.

MR. GORDON: Yes, very easily.



THE CHAIRMAN: Do we go back to your brief now at page 43?

MR. BISHOP: I had suggested that Mr. Grimble develop this point about the building of the connection from Hines Creek to Fort St. John.

THE CHAIRMAN: I thought he wanted some time to do that.

MR. BISHOP: No, he can do it now.

MR. GRIMBLE: These maps are the same as I have at the office, and although they are not marked I can show you what is involved. This map, No. 2, is one inch to eight miles. Fort St. John is on the north side of the Peace River and immediately north of that is the Beaton River valley. This is a valley at its deepest point on the line as the crow flies, the most direct line, from Fort St. John to Hines Creek, is in the order of 1200 feet deep. The valley itself is about 1000 feet deep, but from the top of the bank it is around 1200 feet deep. The significance of this might be realized when you start talking about a .75 grade, which is what Major Charles spoke of for the rest of the line, in that it requires 1600 stations to climb down and another 1600 stations to climb out on a direct line. That would be in the order of 30 miles down and 30 miles up, and that makes a total of 60 miles. Of course, if you build to a 2 per cent grade it would shorten the distance considerably.



COMMISSIONER GAINER: This is assuming you put in the lowest bridge you can, is it?

MR. GRIMBLE: It is assuming you go down, you want a 100-foot high bridge. This is a matter of economics whether you build a low bridge or not. It is not a very big river and it is a matter of economics as to whether you put the money into the bridge or the distance.

COMMISSIONER GAINER: What did you agree with the actual straight-line distance?

MR. GRIMBLE: The straight-line distance avoiding the deep valley and looping the valley is 100 miles.

COMMISSIONER THOMSON: I was taking the highway from beyond Hines Creek when I said 50 miles. It is 100 miles.

MR. GRIMBLE: I realize now we did not make a straight line. We looped it round the river which is nearly 1000 feet deep. A straight line would be 90 miles.

COMMISSIONER GAINER: One hundred miles would be reasonable without the valley?

MR. GRIMBLE: Well, by car they go on the easiest route and it is in the order of 120 miles. Major Charles pointed out that this valley is difficult, and he even showed us a picture. I have some pictures of it which show the depth and the slide problem. I have pictures of the slides that are



prevalent along the road into the valley. I think the railway construction would do as Major Charles recommended, it would proceed by the west side where the valley is approximately 800 feet deep, but would not go beyond this branch line coming in, called the Blueberry River. We would go to the north to cross the valley at a shallower point where the ground is probably better. Coming back, all in all, it would appear as though from Fort St. John to Hines Creek by the most optimistic estimate would be the most economic railway construction. You would have to go 150 miles.

THE CHAIRMAN: It would probably be easier if you want to tie those two in to travel from south of Peace River across the Peace River at the Town of Peace River and then build a railroad from there to Dawson Creek?

MR. GRIMBLE: Probably. The next best would be to go from the Town of Peace River around to the east of the Peace River Town, cross the Big Smokey, straight west to Rycroft and on to Hay River. There is also a railway grade built with no railway tracks on it.

THE CHAIRMAN: There is a grade?

MR. GRIMBLE: From the air you can still see the grade, but no tracks. There are some other trestles still there.

THE CHAIRMAN: If the tracks were put on, how much distance would that save between Grimshaw



and Vancouver?

MR. GRIMBLE: I have never worked it out, but I will. It would save this jump from Grande Prairie down and up, but it would not save as much as this 150-mile connection because this trip to the east and back will add mileage.

THE CHAIRMAN: How far is it from Grimshaw to Peace River?

MR. GRIMBLE: Ten or twelve miles.

THE CHAIRMAN: There is not much of a trip to the east?

MR. GRIMBLE: No, but you go to Peace River and Springburn and down to McLennan and back.

COMMISSIONER GAINER: Perhaps we can have a look at Mr. Gordon's railroad map, because it is all illustrated there.

MR. GRIMBLE: This would probably be the cheapest railway connection but it still would not be the shortest in terms of distance. You have to go ten or twelve miles, then further east from Wenagami Junction and straight west across the Big Smokey to Rycroft. There is a spur into Spirit River. There is a railway construction to join these two points, but no tracks. There are old trestles that were never completed.

THE CHAIRMAN: When was that done?

MR. GRIMBLE: I think 1925 or 1926.

THE CHAIRMAN: Was it intended there should



be a railway there from Spirit River to Dawson Creek?

MR. GRIMBLE: No, they changed their minds to go down to Grande Prairie.

THE CHAIRMAN: Even after the grade was built and the trestles?

MR. GRIMBLE: Yes, you can still see the trestles -- you can see the grade and the trestles.

COMMISSIONER GAINER: There are no real obstacles to construction on that strip from Spirit River to Dawson Creek?

MR. GRIMBLE: No, it is very good construction. Of course, the railways' attitude now is where they have existing lines they would rather haul the extra distance than build new lines. In Manitoba the railroad to Gypsumville goes up between Lake Winnipeg and Lake Manitoba and if this was extended to Churchill the railroad would cut off a considerable distance to Churchill. However, where there are existing lines they would rather haul around than go into any more capital expenditure.

MR. GORDON: I can get some of those maps from the railroad for the Commission.

THE CHAIRMAN: If you would do that.

COMMISSIONER THOMSON: That country from Hines Creek until you get to Fort St. John is pretty good, level farming country. It would not be any more difficult to build there until you came to the river?



MR. GRIMBLE: Yes, providing you keep back from the coulees. If you follow the highway from Hines Creek across to Fort St. John it comes up to the foot of the hills and gets away from these big deep coulees from the river. Then it is good construction until this big valley of the Beaton, and then this diversion is necessary.

THE CHAIRMAN: How far is it from Hines Creek to where -- how far west would the railroad be extended from Hines Creek to where it would tap the south end of the iron deposits?

MR. GRIMBLE: There would be an extension nearly due north. Hines Creek is at the end of the rail line.

THE CHAIRMAN: You are looking at what exhibit?

MR. GRIMBLE: 52-X. We have shown on this the existing rail line and we have shown an extension of 25 to 30 miles going nearly due north and a little to the west, due north in to the reserves held by Premier Steel. They are quite optimistic that within five or six years this will be built. This would go due north and would not be in the general direction of Fort St. John. Possibly the first ten or fifteen miles might be the takeoff point for the extension.

THE CHAIRMAN: An extension like that would give very little help to any proposed extension between



Hines Creek and Fort St. John?

MR. GRIMBLE: The first ten miles north of Hines Creek, I think would be common to both.

COMMISSIONER GAINER: Would that extension you have marked have to go to that point in the reservation?

MR. GRIMBLE: Except that this is a lease of Premier Steel. They have examined other findings and have come to the conclusion that this is the one that best satisfies them and this is the one they are now looking forward to expanding in five years. They have come to the point where they know where to go and are even optimistic enough to say it will be in five years.

COMMISSIONER THOMSON: Is that close to the town of Warsley?

MR. GRIMBLE: Just north of Warsley into the hills.

THE CHAIRMAN: What do they propose to do with their ore, do you know?

MR. GRIMBLE: I think they have in mind a new technique of moving it to Edmonton and handling it in Edmonton. They would combine this with probably a higher grade ore from somewhere else, bring in a small percentage of higher grade ore and do it in Edmonton. I have some pictures of the slides on the Beaton River hills; if there is any question about the slides, I thought I would show these.

COMMISSIONER GAINER: I remember Major Charles



had some photographs of the valley?

MR. GRIMBLE: Yes, they were very good photographs. There are a few loose ends, things you have dealt with, and we might clear them up now.

We finally found Exhibit 52-VV that we were looking for late yesterday, and just so the record is not too vague I think I should read this out. The significant thing, I thought, was this ore contained 10 per cent zinc, .85 per cent lead and 3.45 ounces per ton of silver to a depth of 650 feet.

COMMISSIONER GAINER: This was the Indian Mountain deposit?

MR. GRIMBLE: Yes. What brought it to my mind was the fact Mr. Pearce mentioned they had a process for handling zinc but had not perfected one for lead, and the interesting point was it came to one million tons of lead and some silver, and this is attractive to him.

THE CHAIRMAN: You thought there was more silver than that, did you not?

MR. GRIMBLE: No, I did not know at the time.

THE CHAIRMAN: That is pretty low in silver, is it not?

MR. GRIMBLE: 3.45 ounces per ton of silver.

COMMISSIONER THOMSON: And how many tons have they?

MR. GRIMBLE: Approximately one million tons; it is 924,000 tons indicated.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Grimble

2475

COMMISSIONER THOMSON: And those figures you
say come from ---

MR. GRIMBLE: They are in a publication en-
titled "Department of Mines and Technical Services,
Mines Branch, Memorandum Series 137, 1958."

-

-

-

-

-



COMMISSIONER GAINER: Did we ever establish, Mr. Grimble, what the limits of exploration have been on that deposit, the extent to which it has been drilled out?

MR. GRIMBLE: No, other than the shaft and drilling to 650 feet. One of my staff extracted this from the article, and I haven't too much information. He extracted this from the particular pamphlet, and I only have what I have here.

COMMISSIONER GAINER: But there seems to be not any official information as to whether drilling ceased because a lack of incentive to go further, or whether it was actuall delimited to a million tons.

MR. GRIMBLE: I could read this article in the office and make some sort of inquiries if you like and see what the story is behind it.

COMMISSIONER GAINER: Probably we should have asked someone else, but I don't know whether we have actually established this.

MR. GRIMBLE: The thought is that it is fairly readily accessible to the highway and it is near the lake for village transportation in the summer-time service by highway, and if this 10 per cent zinc is attractive to Sherritt-Gordon with their new process, then this could be fed directly to Sherritt-Gordon. You asked me once about the climate, Fort Smith, in relation to Yellowknife. We had prepared



previously reports on both Fort Smith and Yellowknife, and I extracted some pages from that for your information regarding climate.

THE CHAIRMAN: This is nothing new; this has just been sorted out from something that has been filed.

MR. GRIMBLE: No, it has not been filed, but we were discussing this and I said I would rather not say anything until I had some figures in front of me. This is straight from the Meteorological Department.

THE CHAIRMAN: This is new information. It isn't a case of you gathering together information already on the record.

MR. GRIMBLE: No, it is not on the record. It is just comparing Yellowknife and Fort Smith. In ten years of records at Yellowknife the mean temperature in January is minus 18 degrees fahrenheit, and in 30 years of records at Fort Smith the mean temperature in January is minus 13. In Yellowknife the mean July temperature is 60 degrees fahrenheit; Fort Smith is 61 degrees fahrenheit. In Edmonton, the 56 years of observation, the mean temperature in January is plus 6 degrees fahrenheit and the mean temperature for July is 62 degrees fahrenheit. We have the precipitation here for Fort Smith, Edmonton and Yellowknife, and the 35-year average for Fort Smith - the snowfall is 51.2 inches; the total pre-



cipitation is 11.63 inches. For Yellowknife - this is a 10-year average - the snowfall is 34.5 inches, and the total precipitation is 8.45 inches. There are more details there.

--- EXHIBIT NO. 52 (jjj): Comparative climatic data.

MR. GRIMBLE: You asked me during one of the previous hearings to find some more information regarding water supply in the Peace River block, and I turned to a reference which is already filed as an exhibit, which Mr. Bonner offered as an exhibit. It refers to the various sheet maps on land settlement in the area north of Grimshaw, and in each case the following sentence or paragraph appears regarding water supply:

"Some settlers in this area have been successful in obtaining an adequate water supply from dug wells. However, it would appear that in much of this area the construction of dams or dugouts may be necessary in order to obtain an assured farm water supply".

THE CHAIRMAN: What is that exhibit?

THE SECRETARY: 49 (c).

MR. GRIMBLE: I am reading from page 22.

THE CHAIRMAN: Is constructing dugouts and dams a very difficult thing?

MR. GRIMBLE: The best time is when the Branch is building the highway and they do this free,



otherwise it could cost in the order of 25 cents, 50 cents a yard, and the cost would vary depending on the size of the dugout.

THE CHAIRMAN: Is it a very difficult thing for a farmer to get water that way?

MR. GRIMBLE: It would be equivalent to digging a house basement. I think that costs between \$500.00 and \$1,000.00 to dig - in this order. I only see one per field as I drive around the country.

THE CHAIRMAN: One per quarter section, would you say?

MR. GRIMBLE: I think if you tried to put all the cattle that would be on a quarter section it would be more than that.

COMMISSIONER THOMSON: Those dugouts - that is in the farming section where you have fairly level land.

MR. GRIMBLE: Yes.

COMMISSIONER THOMSON: And if you were raising cattle you would presumably get into rougher country; it might not be the same.

MR. GRIMBLE: Yes. A good well would be much better than a dugout, of course.

THE CHAIRMAN: What do they do for winter water?

MR. GRIMBLE: They chop ice out of the dug-out, they chop the ice out and melt it and boil it. I am sorry, for the cattle they chop a hole in the ice



in the dugout, but the people themselves use the ice from the top of the dugout, or they get some clean source of ice. It may mean boiling their water.

COMMISSIONER GAINER: Is there that much water in the dugout that they are able to - -

MR. GRIMBLE: I think they dig them with the idea of having - as a matter of fact, we use this as a supply in small towns in this area where we dig a fairly deep dugout and have a fairly large reservoir.

COMMISSIONER GAINER: How deep would that have to be, what depth of water would you have to have?

MR. GRIMBLE: The ice would have to be in the order of three to four feet. You would dig the dugout about 7 or 8 feet.

THE CHAIRMAN: Where does the water come from?

MR. GRIMBLE: They usually pump it from a creek in the spring, and in the case of the farmers they pick a spot that has natural drainage with the snow melting.

THE CHAIRMAN: For a small town how large a dugout do you build, Mr. Grimble?

MR. GRIMBLE: It would be twice as big as this room, sir.

THE CHAIRMAN: And that would supply enough water for a whole village?

MR. GRIMBLE: Over the winter, and they probably fill it again in the spring. They figure



about 50 gallons per person a day, and these are in the order of 2 million-gallon reservoirs.

COMMISSIONER THOMSON: Do you think the water is a very serious problem. There are lots of places, Alberta, Saskatchewan and Manitoba, possibly, where they have a little inconvenience. It is not peculiar to the Peace River district, the lack of water.

MR. GRIMBLE: Around Medicine Hat they have more successful wells than in the Peace River district. The dried out wells - we have had much more success at drilling wells.

COMMISSIONER THOMSON: I am thinking of the average farmer. You still see dugouts here and there, so it must be a problem that is not peculiar to the Peace River District.

MR. GRIMBLE: I was trying to think of another point in Alberta where it was as much of a problem, but I can't think of any other place where it is as much of a problem.

THE CHAIRMAN: Do you get no water at all when you drill up there?

MR. GRIMBLE: They get saline and undesirable waters in various depths.

COMMISSIONER GAINER: You would say it was more of a problem for human consumption in Peace River, but from the point of view of agriculture it is perhaps not so pressing or unique.

MR. GRIMBLE: Except that it does discourage the raising of livestock on a large scale.



The best point is where they have artesian wells.

THE CHAIRMAN: How far north do you have to go until you get into reasonable water conditions, Mr. Grimble?

MR. GRIMBLE: Even in Hay River we have had difficulty in finding a reasonable water supply. This book covers the sheets, from Hay River, north of Manning, north of Keg River; it deals with the Fort Vermilion area, and in every one it has practically the same notation.

THE CHAIRMAN: That is exhibit 49 (c)?

MR. GRIMBLE: Yes, sir.

COMMISSIONER THOMSON: You are talking about wells. There is no scarcity of water at Hay River or Fort Vermilion, but you have to treat the water.

MR. GRIMBLE: Yes, for human consumption, where the people are settled in farming or settled in towns. Hay River, for example, has a problem, but we managed to find a well.

COMMISSIONER THOMSON: You can't use the river water.

MR. GRIMBLE: No. You can use it, but the well supply is preferable to either the river or lake water.

COMMISSIONER THOMSON: And Peace River?

MR. GRIMBLE: Peace River town.

COMMISSIONER THOMSON: Do they use the



river water or wells?

MR. GRIMBLE: I am sorry, I don't know.

There is just one other matter. I stated previously that the import of coal into Canada was in the order of 9 million tons per year. I looked it up. It is 90 million dollars a year - that is the figure I was confused with - and 20 million tons a year.

COMMISSIONER THOMSON: Is that a type of coal you can't get in Canada?

MR. GRIMBLE: No, it is just transportation costs and the American supply compared to ours. This is in Ontario and Quebec.

THE CHAIRMAN: What do they use it for?

MR. GRIMBLE: They still use some locomotives and they use a lot for power generation.

THE CHAIRMAN: Are they still using this amount?

MR. GRIMBLE: It is decreasing each year. They are dieselizing.

THE CHAIRMAN: When it is dieselized will it decrease the import of coal very much?

MR. GRIMBLE: Not very much.

THE CHAIRMAN: You think that this 90 million tons is for power generation.

MR. GRIMBLE: Yes.

THE CHAIRMAN: This is something you hope to replace with the fuel which would be produced in the oil sands?



MR. GRIMBLE: Yes. The other information we have received on that is the fact that McColl-Frontenac in Edmonton, until Kitimat opened up, were selling their petroleum coke in Chicago.

COMMISSIONER GAINER: And they are now selling it to Kitimat?

MR. GRIMBLE: Yes. It is used as a reducing agent. Both B.A. and McColl-Frontenac sell all they can produce to Kitimat.

THE CHAIRMAN: Prior to that did both the refineries sell their coke to Chicago?

MR. GRIMBLE: B.A. is quite new. I think McColl-Frontenac had this 5-year contract with Chicago, which terminated, and I think at this time B.A. opened up.

THE CHAIRMAN: What is the distance between here and Chicago as compared with here and Toronto?

MR. GORDON: I wouldn't like to estimate, sir, but I can check it.

THE CHAIRMAN: This would be for a reducing agent or for fuel?

MR. GRIMBLE: Yes.

MR. GORDON: There used to be a tremendous amount of coal used in that area to go into the smelter at Tadenac. At that time I know they used a lot of coal.

MR. BISHOP: Mr. Chairman, on page 21 of



the British Columbia brief there is a table which doesn't show the distances from here to Chicago and Toronto, but from Trail to Chicago is 2,069 miles, and from Trail to Toronto is 2,692 miles, which would indicate that Toronto was 600 odd miles further than Chicago.

THE CHAIRMAN: There is not much of an industrial market for coke in eastern Canada.

MR. GRIMBLE: I wouldn't think so, sir. I talked to Royalite about supplying their eastern market, and they said it was a matter of confidential information and they would rather not discuss it. So I mislead you there when I said they would discuss it.

This is only a matter of interest. We were speaking in terms of foundation conditions at Fort Smith and Hay River, and our firm has developed an answer, we think, to the foundation problems in Hay River, and it is outlined in this little brochure from C.M.H.C.

THE CHAIRMAN: You think that the foundation problem can be solved.

MR. GRIMBLE: It can be solved.

THE CHAIRMAN: Can't you move a little further away from the lake?

MR. GRIMBLE: Hay River is on an island.

THE CHAIRMAN: Suppose you move up the river a little from the island?

MR. GRIMBLE: It is doubtful whether they



would move.

THE CHAIRMAN: Suppose there was substantial development there.

MR. GRIMBLE: The wharfage, and so, the fishing village, are located in the island, and there is significant investment there.

THE CHAIRMAN: Suppose there was a substantial development there, it would be a case of building a new town site as was done in Yellowknife. Is there anything against that?

MR. GRIMBLE: You would have the problem that you have in Yellowknife; you have a new town and an old town. The old town doesn't die, it grows. What would happen is that you try and develop a new town across the west channel, but the fishing industry would still stay on the west channel, the wharfs would have to stay where they are, so you would end up with two towns, one of which would be a shack town and the other would be probably a government-sponsored new town, which would have problems associated with it. The people wouldn't move voluntarily; they would have to be subsidized to move to the new town, and this involves problems of servicing; you are trying to maintain two town sites.

THE CHAIRMAN: Have there been any problems in Yellowknife between the two towns, the old and the new?

MR. GRIMBLE: There is a problem of servicing by sewer and water.



COMMISSIONER THOMSON: There was no
subsidy there.

MR. GRIMBLE: There was a subsidy in the
new town; the government supplied the water system for
the new town.

COMMISSIONER THOMSON: But we bought it
afterwards, did we not?

MR. GRIMBLE: That is a big subject. I
would rather not go into that.



THE CHAIRMAN: Do you want to file this as an exhibit?

MR. GRIMBLE: If you wish. It is just a matter of interest because we did discuss the features of it.

THE CHAIRMAN: Well, this will be Exhibit 52-LLL.

--EXHIBIT NO. 52-LLL: Two sheets of paper with reference to foundation problems of Peace River.

THE CHAIRMAN: These two sheets consist of -- there is a reference to the manner in which you feel the foundation problems of Peace River can be solved on the island, and if buildings are to be built there are satisfactory sand ridges there, as satisfactory as at Yellowknife?

MR. GRIMBLE: I was trying to remember what the foundation conditions were south of the west channel. I am not sure whether we did any borings there or not and whether the water table is as high.

THE CHAIRMAN: What would it be like south or southeast of the east channel?

MR. GRIMBLE: If you went south and east of the main river you would be on pretty low ground. The old town of Hay River is located on the east side of Hay River and that is quite low ground too.

COMMISSIONER GAINER: Do you recall, Mr. Grimble, what was said about the ground from either Hay



River or Enterprise east to Pine Point on that stretch?

MR. GRIMBLE: Yes, I recall what Major Charles said, and I am familiar with that country myself. It is fairly difficult country for railroad building.

COMMISSIONER GAINER: Is it about the same essentially as the other way -- it is about the same kind of terrain?

MR. GRIMBLE: Yes, the same as conditions in the Northwest Territories, as a general rule. From this area north ground conditions are comparable to this area, which is also applicable to this part from Hay River to Pine Point -- in the Northwest Territories north of Alberta the ground conditions on the western route to Pine Point and along the eastern route from Bell Rock to Pine Point are comparable and of a similar nature to the ground conditions from Pine Point to Hay River.

THE CHAIRMAN: It would be as easy, would it, to build a railroad from Pine Point to Hay River as from Pine Point to Enterprise?

MR. GRIMBLE: Yes, sir. There would be very little difference in building a railroad from Pine Point to Enterprise or Pine Point to Hay River.

THE CHAIRMAN: If you were thinking of a railroad from Pine Point to Providence, there is an escarpment which you are familiar with, are you?

MR. GRIMBLE: Yes, this road follows the very edge of the escarpment.



THE CHAIRMAN: That is from Enterprise to Providence?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Now, would it be feasible to build a railroad from Pine Point following very closely the shoreline, fairly close to Hay River and on to Providence?

MR. GRIMBLE: It would not be desirable; this country is so good along the escarpment that it is the logical route. Along the route of the highway is such a good roadbuilding country it is doubtful whether anyone would want to work his way on the low ground along the water's edge.

THE CHAIRMAN: So if you want to connect Pine Point and Providence by rail, you think it would involve bringing the railway south to about Enterprise to take advantage of that good ground from Enterprise to Providence?

MR. GRIMBLE: I would think in about a straight line like this would probably be satisfactory, which could pass north of Enterprise to get on the escarpment west of Enterprise.

COMMISSIONER GAINER: But how far north of Enterprise would that escarpment cross the highway before Hay River; do you remember?

MR. GRIMBLE: It is hard to see the escarpment on the highway because you are paralleling the river and you do not notice you are jumping up on the



escarpment. You go west along this line here; the ground falls away and you are standing looking out over the countryside. It is a very definite vertical escarpment. It is a fairly gradual transition between the top edge of the river bank and the escarpment to the west.

THE CHAIRMAN: The area you are pointing to is just north of Enterprise?

MR. GRIMBLE: Yes, sir. I have gone through here in the winter time in a snowmobile just north of Enterprise, and it is pretty low ground, but I do not think it would be too big a problem in the construction of a railroad.

COMMISSIONER THOMSON: Mr. Grimble, along the south shore of the lake and approximately parallel to the lake there are a lot of old raised beaches, and that is where Pine Point built their truck road?

MR. GRIMBLE: Yes.

COMMISSIONER THOMSON: And that truck road goes to the falls, to Alexander Falls?

MR. GRIMBLE: Yes, it is shown on the map.

COMMISSIONER THOMSON: Now, that is a pretty good road; at least, the Pine Point section as far as Buffalo you have to jump from one raised beach to the other?

MR. GRIMBLE: Yes.

COMMISSIONER THOMSON: Now, if you were coming through Fort Smith, as you show it there, into



Pine Point, you are crossing these raised beaches all the time?

MR. GRIMBLE: That is right.

COMMISSIONER THOMSON: So if you were to build a road from Pine Point to Alexander Falls -- if you go back to Fort Smith you would be crossing the raised beaches. Now, in between, what have you got -- marshy ground and bog holes?

MR. GRIMBLE: Yes, but they are not deep, they are shallow. There is water sitting in there and drainage is a problem in the country, but you can see where the white limestone nodules are sticking up and boulders.

COMMISSIONER THOMSON: If you went from Pine Point and followed those beaches, they are more or less parallel to the lakeshore?

MR. GRIMBLE: Yes, sir.

COMMISSIONER THOMSON: You can go as far as the delta of the Slave without too much trouble?

MR. GRIMBLE: That is right, sir.

COMMISSIONER THOMSON: Until you get into the Pre-Cambrian you would not have much trouble building a road or a railroad, providing you followed the contour of these raised beaches?

MR. GRIMBLE: I had in mind if you stayed parallel on one of these beaches you would not have too much difficulty.

COMMISSIONER THOMSON: Until you got into



the Pre-Cambrian?

MR. GRIMBLE: Yes.

COMMISSIONER THOMSON: And as long as you stay parallel to the south shore of the lake it is not too difficult, but at Enterprise should you cross the Hay River at Enterprise or should you go up to Alexander Falls for the best crossing? The banks are pretty steep at Enterprise, as I recall, and you still have to go back -- at the end of that truck road now would be the best crossing at any time?

MR. GRIMBLE: The Hay River valley, as you see from Major Charles picture, after it comes over the Alexander Falls and the Louise Falls there are steep banks and it is very deep. The bridge would be much more difficult than coming up here above the falls.

COMMISSIONER THOMSON: And how are they at Hay River? They are shallow again once you get close to the lake?

MR. GRIMBLE: Yes, about three or four miles from Hay River it feathers out and it becomes a matter of ten or fifteen-foot high river banks.

COMMISSIONER THOMSON: That applies to the Slave when you get closer to the delta the banks get shallower on the Slave?

MR. GRIMBLE: Yes, but the river is very wide and it is country that on either side is very wet and marshy.



COMMISSIONER THOMSON: Except you follow the old raised beaches parallel to the lakeshore?

MR. GRIMBLE: They are not as obvious in that area; between the Taltson River and the Buffalo River these sand beaches are not as obvious as in this area.

COMMISSIONER THOMSON: South of Pine Point?

MR. GRIMBLE: Yes, in the Northwest Territories these ridges parallel the lake. They were once beaches and they parallel similar to these, but they are not as obvious in this country here.

COMMISSIONER THOMSON: Around the delta?

MR. GRIMBLE: Of the Slave, yes, sir.

COMMISSIONER GAINER: Well, if you were taking a railroad into Hay River from either direction, or any direction, what would you think would be the best way in which to arrange for transshipping facilities, rail, highway, barge? Would you have to go back out to Enterprise or ---

MR. GRIMBLE: As a matter of economics, the sort of thing I tried to point out to you -- we were discussing Fort Providence -- how much premium traffic there was and what the dollar value is you would put on that in construction in either direction. The same thing applies to this condition, whether to build a road to serve Hay River for the tonnage of traffic that would be involved. It would be a matter of economics again.

THE CHAIRMAN: You outline a route which



you said might be followed from Pine Point towards Providence?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: Where would a railway cross the Hay River?

MR. GRIMBLE: This is a matter of detailed study, whether you wanted this poor bridge site and longer road or shorter road and a more difficult bridge site.

THE CHAIRMAN: How far is it if you have the good bridge site, from Hay River?

MR. GRIMBLE: You have to go seventy-five miles from Pine Point, 75 miles before you cross the river

THE CHAIRMAN: And how far is that point from Hay River?

MR. GRIMBLE: That point is 40 miles from Hay River.

THE CHAIRMAN: Suppose you take the poorer bridge site and try to get the shorter distance, how far would you be from Hay River?

MR. GRIMBLE: In terms of going to Providence, it is a case now, probably 60 miles from Pine Point to a poorer bridge site, so you probably save 15 miles of railroad, and you would have to weigh that against your bridge costs.

THE CHAIRMAN: How close would you be to Hay River if you built that more expensive bridge?

MR. GRIMBLE: Oh, you would probably be



twenty miles south of Hay River -- building a railroad from Pine Point to Providence you would probably be 20 miles south of Hay River.

THE CHAIRMAN: You could not get any closer than that?

MR. GRIMBLE: Oh, yes, you could go directly in.

THE CHAIRMAN: Suppose you went in to Hay River from Pine Point to Hay River and came out again, to get on top of that escarpment?

MR. GRIMBLE: You would have extra mileage. There would be 50 or 60 miles and then 20 miles, so you would have 70 miles as compared to 60 miles.

THE CHAIRMAN: But you would have got into Hay River?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: Would Hay River be an awkward river to bridge for a railway close to the town of Hay River?

MR. GRIMBLE: No, sir, there are two good sites, either at the town at the mouth of the river or above the falls.

THE CHAIRMAN: You would not be interfering with the harbour with a good bridge site?

MR. GRIMBLE: No, it would be above the harbour a matter of a mile upstream.

COMMISSIONER THOMSON: And if you brought the railway from Pine Point into Hay River as has been



suggested, could you not go direct from Hay River and catch the river at the escarpment. It would not be the best terrain, but it would not be too bad.

MR. GRIMBLE: Well, just ---

COMMISSIONER THOMSON: That would not give you too much of a longer route, would it?

MR. GRIMBLE: It is a matter of detailed study. This ground is surprisingly good along the highway and also out on the escarpment there would be a matter of weighing the cost of going through this low ground and climbing the additional height up to the escarpment. That is something I am not prepared to answer.

THE CHAIRMAN: I would be interested in knowing what the distance is from Providence along the various routes that have been suggested to Pine Point.

MR. GRIMBLE: I could do that, sir. There may be innumerable alternatives.

THE CHAIRMAN: Well, do not try to work it out now, but if you would not mind drawing up just a little schedule and letting us have it?

MR. GRIMBLE: Very well.

THE CHAIRMAN: The suggestion is made that Providence is a pretty important spot on the Mackenzie River, and we are interested in the freight that might go from the west side of Great Slave Lake or from the Mackenzie River valley. I would like to know what the difference is in the distance from Providence to



Edmonton via each of the two proposed routes.

MR. GRIMBLE: I will work it out.

THE CHAIRMAN: In one case if you build a railroad along the eastern route it would mean going from Providence to Pine Point to Bell Rock, and on down to Waterways, and if it is convenient it would be nice to get the railroad into Hay River because that is an important settlement.

MR. GRIMBLE: I have those figures.

THE CHAIRMAN: The other route is from Providence, I suppose to Enterprise, and south to Grimshaw and on into Edmonton, is it not?

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: Would you mind drawing up a little schedule?

MR. GRIMBLE: I have those figures with me. This may not conform to our latest thinking, they were done three or four months ago. I have from Mills Lake. I did not use Providence.

THE CHAIRMAN: Where is Mills Lake? That is just up the Mackenzie?

MR. GRIMBLE: This is Mills Lake. I think we were thinking of a harbour at Mills Lake.

THE CHAIRMAN: Well, it does not matter because the distance between Mills Lake and Providence is common to both proposals, is it not?

MR. GRIMBLE: Yes. I have here Edmonton to Mills Lake, 854 miles via Waterways.



THE CHAIRMAN: How far is it via Grimshaw?

MR. GRIMBLE: I have 883 miles.

THE CHAIRMAN: It is farther via Grimshaw than it is via Waterways?

MR. GRIMBLE: I could read these off -- it may be these are the total mileages of construction. If you like we can read off the increments and add them up.

THE CHAIRMAN: All right.

MR. GRIMBLE: Starting from Edmonton to Waterways, 305 miles. There is an error right away. Waterways to Pine Point, 220 is what we have in our present thinking. Peace Point to Bell Rock, 70 miles; Bell Rock to Pine Point, 106 miles; Pine Point to Hay River, 50 miles, and Hay River to Mills Lake, 125 miles. If those are totalled this will give the distance to Edmonton via that route.

THE CHAIRMAN: Now, as we look at these figures, Waterways to Peace Point is 220; Peace Point to Bell Rock is 70 and Bell Rock to Pine Point is 106, and that makes it 396 miles.

MR. GRIMBLE: From Waterways to Pine Point, 395 miles is what we are using now. These were done three or four months ago so there may be some changes in them.

THE CHAIRMAN: There is very little change there now. Pine Point to Hay River is 50 miles. Is that along the lake shore?



MR. GRIMBLE: That is as direct as we feel we could go.

THE CHAIRMAN: And you are assuming if the railroad was built it would follow the shore line and into Hay River and across the river at Hay River?

MR. GRIMBLE: Yes.

THE CHAIRMAN: And Hay River to Mills Lake is 125 miles, and how are you calculating that?

MR. GRIMBLE: This is a case of going almost to Enterprise and as direct as possible to Mills Lake.

THE CHAIRMAN: 875 miles?

MR. GRIMBLE: That is right.

THE CHAIRMAN: Now, then, that is the east route, is it not?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Let us take the west route.

MR. GRIMBLE: Edmonton to Grimshaw, 334 miles; Grimshaw to Hay River, 395 miles.

THE CHAIRMAN: It would be Grimshaw to Enterprise?

MR. GRIMBLE: Yes. Subtract 25 or 28 miles from that.

COMMISSIONER THOMSON: 367.

MR. GRIMBLE: We had to add Hay River to Mills Lake.

THE CHAIRMAN: Enterprise to Mills Lake?

MR. GRIMBLE: Well, with the figure here it would be approximately 100 miles.



COMMISSIONER THOMSON: It is 97 miles to the ferry at Enterprise, so it would be more to Mills Lake. It would be another eight.

THE CHAIRMAN: It is 105 miles.

MR. GRIMBLE: Yes, 105.

THE CHAIRMAN: A total of 806 miles.

MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: A difference of about 70 miles?

MR. GRIMBLE: Yes.

THE CHAIRMAN: The extra difference from Providence down the east route is about the same as the extra difference from Pine Point down the west route, is it not?

MR. GRIMBLE: Yes, sir.

-

-

-



COMMISSIONER THOMSON: We can figure out the extra construction. We know the distance to Waterways and Grimshaw, the extra mileage.

MR. GRIMBLE: Yes. The total miles of new construction would be - you would put a spur into Hay River - would be about the same.

THE CHAIRMAN: You are counting the spur to Hay River, but we haven't yet added the spur to Pine Point.

MR. GRIMBLE: That is right, sir. If you go this way, then you have the spur to Pine Point. I was arriving at the total mileage to serve this spur we are talking about, and you have to have a 15, 16 mile spur, plus the spur into Hay River on this route, the west route.

I think that is all I had in mind, sir.

MR. BISHOP: I guess we are prepared to start again, sir, on page 43 of the brief, where we come to the heading "Other Considerations".

1. It seems logical that since a high standard highway will soon be completed to serve the western side of Alberta in the Great Plains Region, that the Eastern side of Alberta adjacent and parallel to the Canadian Shield, that is now inaccessible, should now be opened up by the construction of a railway. The resources of this region, where the plains meet the Pre-Cambrian Shield, are best suited to mining development and railway transportation.



2. It is also important to note that for less cost a railway can be built along the Eastern side of Alberta and provide two bridge crossings of major rivers as combined highway and railway bridges.

A combined highway and rail bridge would give both rail and vehicular access to the Tar Sands and Semi Commercial Plant west of Fort McMurray, and also ready access for forest fire fighting in this region. Similarly a combined highway and railway bridge over the Peace River would provide a road crossing to the area now cut off to the south of the Peace River. It is doubtful whether a highway bridge over the Peace River would be built in this century, other than as incidental to a railway crossing. It must be remembered that since the construction of the highway-railway bridge in 1918 at Peace River Town, until the present, the only highway bridge to be built over the Peace River, in Alberta, is that now under construction at Dunvegan.

I think, Mr. Chairman, in connection with paragraph 2 it would probably be of interest to enlarge on the first sentence in which we refer to the comparative costs, in view of the fact that our cost figures as we have shown earlier in the brief are not quite the same as those produced by Major Charles in connection with the railway brief.

MR. GRIMBLE: If I may refer to map 2 again - I haven't my notes with me on this, but I can explain



the reason for this without the figures. The railway estimate is from Grimshaw and directly to Pine Point, with a spur to Ile du Mort, on the west route, a railway from Waterways, not going into Fort Smith or Bell Rock, but going on to Fort Smith and Ile du Mort with a spur. Major Charles explained that this was common and was in the order of \$2½ million for this access. If you subtract the Ile du Mort spur from both routes and add the cost of the spur to Hay River, so that in both the eastern and western routes we are serving Pine Point as well as a harbour, then the cost figures come to the \$3 million difference shown in our brief, \$3 million more to provide these facilities on the west route than to provide equivalent facilities on the eastern route.

THE CHAIRMAN: That is, Major Charles didn't provide for a spur to Hay River.

MR. GRIMBLE: No, sir.

THE CHAIRMAN: And if the western route was followed, that spur would have to be built.

MR. GRIMBLE: Either that - -

THE CHAIRMAN: Major Charles didn't make provision for the spur to Hay River, and you had put that in place of the spur to Pine Point.

MR. GRIMBLE: Ile du Mort.

THE CHAIRMAN: There wouldn't necessarily be a spur to Ile du Mort.

MR. GRIMBLE: That is right.



THE CHAIRMAN: But if the eastern route were followed, there would have to be a spur to Fort Smith.

MR. GRIMBLE: Yes. I have included that.

THE CHAIRMAN: But Major Charles didn't include that in his.

MR. GRIMBLE: No.

THE CHAIRMAN: But if you follow the western route you avoid the costs of the spur to Ile du Mort and the spur to Fort Smith, but you have the extra spur to Hay River.

MR. GRIMBLE: Yes. This is the \$3 million difference.

THE CHAIRMAN: And on that basis you come to the conclusion that the eastern route is \$3 million cheaper than the western route.

MR. GRIMBLE: Yes, providing the same facilities. There are various combinations of lines and locations, but the railways chose to compare Grimshaw to Pine Point, Ile du Mort, Waterways, Pine Point to Ile du Mort as two things that were comparable. We chose to compare as is shown on the map without the Ile du Mort spur.

THE CHAIRMAN: You have gone on the assumption that a spur to Bell Rock Harbour would be added.

MR. GRIMBLE: Yes, and it is included in our costs.

THE CHAIRMAN: There is some suggestion



that that might not be necessary and there is a good road across there.

MR. GRIMBLE: Major Charles said this. He had the one-track mind, sort of, regarding going to Pine Point and on to Ile du Mort, and in that case I would be inclined to agree with him that a road would serve Fort Smith, because the tonnage would be in the order of 20,000 tons a year; but if you save this \$2 $\frac{1}{2}$ million, plus the cost of a harbour, then this spur or loop would then take in the order of 100,000 tons with far less cost of construction.

COMMISSIONER THOMSON: But, Mr. Grimble, if you come down and stay on the east side of the Slave with your railway and went right into Hay River, then your wharfage and that could just be easily put - you wouldn't have to build a bridge, necessarily, across the mouth of the Hay River.

MR. GRIMBLE: You could have your ferry in.

COMMISSIONER THOMSON: And then you wouldn't have to worry about Ile du Mort. If you built a harbour at Ile du Mort you would be eliminating Bell Rock, so what would be gained by eliminating - there would be nothing gained by eliminating Bell Rock and setting up an expensive harbour at Ile du Mort. I don't think you said that.

MR. GRIMBLE: No.

COMMISSIONER THOMSON: And then you could



move your docks or most of your docks on to the east side.

MR. GRIMBLE: Yes. There are innumerable alternatives. You could build a highway bridge there. This would be another alternative.

COMMISSIONER THOMSON: And in that way you could move it to the east side and get it on high ground.

MR. GRIMBLE: If the people would move. It would be like Aklavik, where they won't move.

THE CHAIRMAN: We will adjourn now until two o'clock this afternoon.

--- Luncheon adjournment.



THE CHAIRMAN: We were dealing with paragraph 2 on page 44, were we not, before lunch? Have you anything to add to that, Mr. Grimble?

MR. GRIMBLE: The only comment I might make in regard to paragraph 2 is that we have already explained the reason why there are \$3 million left to build a comparable line up the eastern route as to the west route which serves the harbour at Pine Point. The other feature may be that the two bridge crossings which have been pointed out as disadvantages to the eastern route would be, in my estimation, an advantage; they would give access across the river.

THE CHAIRMAN: Does it mean too big a disadvantage from the point of view some things from the point of view that a ferry can be put in?

MR. GRIMBLE: Yes, except the cost of the ferry and the intermittent service and spring break-up, and so on. These differences are not as much as a bridge.

THE CHAIRMAN: Although at times of break-up and freeze-up - is that not the time when the fire hazard is bad?

MR. GRIMBLE: No. But you wouldn't keep a ferry there for the odd time that a fire may occur.

THE CHAIRMAN: As a bridge engineer, I take it you are in favour of building bridges wherever they can be build.

MR. GRIMBLE: Yes.



COMMISSIONER GAINER: What is the position about sharing the cost of these things if it is to carry motor traffic as well?

MR. GRIMBLE: It has been some time since this sort of thing has been done. There are a few instances. There is the Fort Saskatchewan Bridge. These are all occasions of some years back, and on those occasions, for example, at Fort Saskatchewan, the Provincial Government paid a portion of the cost, so that they could share the cost of the vehicular traffic.

COMMISSIONER GAINER: What about future highway traffic?

MR. GRIMBLE: If you designed it that way to accommodate future highway traffic but didn't fully equip it for highway traffic and left, say, the brackets off at places where the brackets would be put, the extra steel is a small percentage of the total cost.

THE CHAIRMAN: That is all you have on paragraph 2, Mr. Grimble?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Mr. Gordon, have you anything more on those figures we had this morning?

MR. GORDON: Yes, sir. From Lynn Lake to Noranda is 1705 miles. Churchill to Fort Saskatchewan is 1120 miles. Edmonton to Toronto is 2,001 miles, and Edmonton to Chicago is 1650 miles. There is a Tacoma one I didn't check, but if we add the distance from Fort Saskatchewan to Edmonton, from



Edmonton to Tacoma, I believe it is about 17 miles, or something like that.

THE CHAIRMAN: Have you got Edmonton to Tacoma?

MR. GORDON: Well, Pine Point to Tacoma. Take the distance from Pine Point to Edmonton, which is just 1700 miles, off the distance from Pine Point to Tacoma.

THE CHAIRMAN: 934, and we add 17 from Edmonton to Fort Saskatchewan.

MR. GORDON: Yes.

THE CHAIRMAN: About 951.

MR. GORDON: About 951 miles, sir. That would be a very close approximation. It might be one or two miles out; it would not be very much more.

THE CHAIRMAN: I think you were saying yesterday that the freight rate which is charged for ore is based on the value of the ore.

MR. GORDON: Yes. Generally speaking, both the Canadian Pacific and Canadian National Railways have a scale published in their tariffs covering movements of ore, the Canadian National from points in western Canada to Lynn Lake, and the C.P.R. from points in western Canada to Kimberly, I believe it is.

THE CHAIRMAN: Do the railways start with a base rate for the cheapest kind of ore?

MR. GORDON: No. It is roughly around \$20.00 or \$30.00 a ton, and it goes up, and they have columns and for each column on rate there is an in-



crease, and I think it runs from \$30.00 to \$500.00 in various stages, and the ore is based on those values, the rate. I could check that, but that is the way the rates go. That is on a general scale. That doesn't necessarily hold true where they publish a point to point general rate, although I think they publish it on their scale.

THE CHAIRMAN: All I was wondering was if there was a base rate, which might provide for some interesting comparison.

MR. GORDON: There may be, sir, but it isn't published in their tariffs. It may be in their office, but they are not available to the public.

MR. BISHOP: Paragraph 3:

From the viewpoint of defence, it seems desirable to divide our access to the north by having the highway up the western portion of the Province, supplemented by a railway up the east.

Again from a strategic defence point of view, it is desirable to connect the excellent airports at McMurray and Fort Smith by ground transportation. I have a note here that we should also refer to the fairly large airport at Embarras, which would be quite close to the eastern route.

4. If the Western Route is constructed, some of the traffic using the Edmonton-Waterways-Mackenzie River route and crossing the portage at Fort Smith will be diverted to the Edmonton-Grimshaw route.



This diversion of traffic will be more injurious to the Edmonton-Waterways service than beneficial to the Edmonton-Grimshaw service since it would represent, in one case, a decrease of approximately 10 per cent, and in the case of the Edmonton-Peace River Railway Line an increase of approximately 1 per cent. It would appreciably reduce the standard of service to the Waterways-Lac La Biche communities.

THE CHAIRMAN: I am not sure that I understand that. Do you mean by that that there is considerably more traffic between Edmonton and Grimshaw than there is between Edmonton and Waterways?

MR. GRIMBLE: There is actually less traffic between Edmonton and Grimshaw than Edmonton and Waterways; Edmonton to the Peace River line and McLennan. There is much more traffic on that line. There are a million tons a year, compared to the other line of 164,000 tons a year.

THE CHAIRMAN: A million tons going up towards Peace River?

MR. GRIMBLE: Yes.

THE CHAIRMAN: And 164,000 going up to Waterways.

MR. GRIMBLE: Yes.

THE CHAIRMAN: So it would be a great advantage to Waterways to have traffic go up there.

MR. GRIMBLE: To have 20,000 tons less traffic on that route would mean a considerable



difference to the service on that line, whereas with the million tons it would not appreciably affect their economy.

THE CHAIRMAN: How do the freight rates between Edmonton and Waterways compare with the freight rates between Edmonton and Grimshaw? Let me put it this way to you, Mr. Gordon. Does the fact that there is a lot more freight going over that line to the northwest mean that the freight rates are any lower?

MR. GORDON: No. The rate scale is the equalized class rate scale set up by the Board of Transport Commissioners, which is applicable all over Canada; that is with the exception of the Maritimes territories, of course, where there is the subsidy.

COMMISSIONER GAINER: Would there be more competitive rates operating in the northwest than Waterways?

MR. GORDON: Yes, definitely, there would be more competitive rates, because there would be the highway alongside it and the competitive rates would be, in effect, on the Waterways route. But they only apply to points where the competition actually exists.

COMMISSIONER GAINER: Would there not be a good number of them?

MR. GORDON: Yes, but actually there would not be as many as one would expect, because for one thing, if you were to check them, you would find that



the rates on the trucking north of Edmonton are not significantly lower than the standard rate, anyway, so there is no need for the railway to meet a lot of competition. One place where there is a reduction is Dawson Creek out of Vancouver, to compete with the freight rates to Vancouver. But, generally speaking, in the north there is not much difference, not compared with Edmonton and south. The competition is much more keen from Edmonton south than north.

THE CHAIRMAN: How much tonnage goes over the route from Edmonton to Waterways?

MR. GRIMBLE: I have the figures. I could find them. This is for inbound traffic only for two years.

THE CHAIRMAN: This is Waterways to Edmonton, the whole route?

MR. GRIMBLE: I have Edmonton to Waterways.

THE CHAIRMAN: What do you mean by "inbound"?

MR. GRIMBLE: Going to the north.

MR. BISHOP: Mr. Chairman, I think, while Mr. Grimble is looking for that, we should point out that paragraph 4 is listed, as you see, under "Other Considerations". It is not a major point, but the thought in there is that it won't be a matter of change in rates due to the large proportion, drop or rise as the case may be, in traffic,



but rather a change in service. No doubt, apart from competitive factors, the rates would be the same.

THE CHAIRMAN: Maybe one or two trains per week, something like that; is that it?

MR. BISHOP: That is right, Mr. Chairman.

COMMISSIONER GAINER: Perhaps that figure - do you remember what figure you assumed for Yellowknife? Was it 20,000 tons?

MR. GRIMBLE: 20,000 tons going over the portage and 164,000 tons in one particular year and I think 167,000 tons in another particular year going over the waterways.

THE CHAIRMAN: I thought you mentioned a figure, Mr. Grimble, when you were comparing the two.

MR. GRIMBLE: Yes, I did. The McGregor Report has a figure for traffic from the Peace River country to Edmonton of one million tons, and the traffic from Edmonton to the Peace River country of 586,000 tons. The only figure we have for Waterways is the figure of 164,000 tons. That is 164,000 tons in 1958.

THE CHAIRMAN: Is that everything on the whole route?

MR. GRIMBLE: That is everything to Waterways alone.

THE CHAIRMAN: How much freight goes up part way?

MR. GRIMBLE: I took the tonnage to



Grimshaw and Waterways, and in this particular case we are talking about the tonnages north-bound, so we would have to take it to all intermediate points.

THE CHAIRMAN: Would it be a difficult thing to find how many freight miles are carried over that route?

MR. GRIMBLE: We have the figure by months for Waterways alone, and we know the miles.

THE CHAIRMAN: That would be easy to calculate for the freight to Waterways, but what about the freight that goes to intermediate points? Is there much?

MR. GRIMBLE: Yes. There is not as much as to Waterways, but it would be appreciable.

THE CHAIRMAN: Most of the freight loaded in Edmonton goes all the way to Waterways.

MR. GRIMBLE: Yes.

THE CHAIRMAN: Is there much from Edmonton to intermediate points?

MR. GRIMBLE: I have some figures, and I have a reference to pulpwood and lumber and livestock.

THE CHAIRMAN: That comes in now?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Is there some pulpwood that comes in?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Is there anything published



on the cost of operating that railroad between here and Waterways?

MR. GRIMBLE: There is a publication by the Dominion Bureau of Statistics, which is the same source of information for this Hudson's Bay railway. This is quoted from the Dominion Bureau of Statistics publication, railway transport, 1957. It is called Part 2, Financial Employment Statistics. But there is a certain danger in using that in that the railways release this information to the Dominion Bureau of Statistics and it is maybe modified each year to suit some purpose or other.

THE CHAIRMAN: I think probably it would be dangerous for us to place too much reliance on figures like that, but there may be some interest to see what the railways say as to the cost of operating the 300 miles from here to Waterways.

MR. GRIMBLE: We can go into this publication and see what we can find. I have this same publication in our office.

THE CHAIRMAN: All right.

MR. BISHOP: 5. All in all, the dislocation to the established communities of the North, by the construction of the Eastern Route, will be less than if the Western Route is selected. Hay River would continue to get its present share of truck traffic. Waterways would still be used to handle traffic during spring high water and would



probably still be used for winter storage of vessels and barges for overhauls, etc. However, if Fort Fitzgerald-Fort Smith and Bell Rock are by-passed, the facilities for river navigation and portaging at these points would be abandoned. The residents now earning a livelihood serving transportation, would move and leave Fort Smith as only a Government Administration center, not on the lanes of commerce nor in touch with the activity that it is to govern.

THE CHAIRMAN: You say if Fort Fitzgerald-Fort Smith and Bell Rock are by-passed, the facilities for river navigation and portaging at these points would be abandoned. If a railroad is built there the facilities at Bell Rock Harbour are going to be abandoned.

MR. BISHOP: These facilities are for the purpose of carrying freight further by water, and if the west route is selected - we are assuming, of course, a spur into Hay River - so you will have a railhead on the shore of Great Slave Lake on the water at a point past Bell Rock Harbour and Fort Smith.

THE CHAIRMAN: You are assuming that the railway rate will be less than the present water rate.

MR. BISHOP: That is right, Mr. Chairman.

THE CHAIRMAN: Are we entitled to assume that?



THE CHAIRMAN: You are assuming the railway rate will be less than the proposed water rate?

MR. BISHOP: That is right.

THE CHAIRMAN: Are you entitled to assume that?

MR. BISHOP: Well, we have a graph here which Mr. Grimble has had prepared and I think on looking at it I should ask Mr. Grimble to explain it.

MR. GRIMBLE: We have begun with the assumption ourselves, in order to clarify our thinking, we took the Class 5 rail rate which is the rate which has been given to you as an exhibit, showing the taper and for which a lot of carload lot movements apply. We plotted these from the table which was presented to you and found that the -- that straight line is the plot of dollars per ton against hundreds of miles, and you see all these points are in a straight line, the slope of which is 3.6 cents per ton-mile. At the bottom you will notice for the first zero mile, or first half mile, the charge is \$8 a ton. In other words, no matter how far you ship it you pay \$8 a ton, and from then on you pay 3.06 per ton-mile.

THE CHAIRMAN: That is Class 5?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Eight dollars a ton?

MR. GRIMBLE: Plus 3.6 cents, yes. This table Mr. Gordon gave you as an exhibit.

THE CHAIRMAN: That is all it is, \$8 a ton plus 3.6 cents a ton-mile?



MR. GRIMBLE: Yes, when it is plotted up this is what it shows.

THE CHAIRMAN: What is that?

MR. GRIMBLE: We might refer now to the third graph you have on the third page.

THE CHAIRMAN: Let us stay with the first page. What is the other line?

MR. GRIMBLE: The other line is a plot of ton-miles against -- cents per ton-mile, and you can see it is asymptotic to the vertical group and also asymptotic to the horizontal axis. This only illustrates what is in the table, that the \$8 per ton when spread over many, many miles it never leaves you much less than 4 cents a ton-mile.

COMMISSIONER GAINER: The straight line represents the total cost of shipping and the curve the cost per ton?

MR. GRIMBLE: Per ton-mile.

COMMISSIONER GAINER: The average cost per ton mile?

MR. GRIMBLE: Yes: We should not have put this on here to confuse you, but when we total that out it merely shows that the \$8 is plotted against a short movement. The cost per ton-mile is high. This illustrates the taper.

COMMISSIONER GAINER: It should be asymptotic to 3.6.

MR. GRIMBLE: I imagine if you project it



it will come to 3.6.

COMMISSIONER GAINER: So what you have done in the curve is just spread your \$8 per ton over more and more mileage?

MR. GRIMBLE: Yes, and it averages out and it never will touch 3.6 because the \$8 will always be a factor. It almost disappears into it when you get thousands and thousands of miles. That curve is not as significant as the straight line that we put on the graph.

Now, you might turn to the third one and these are effective Class 5 rates from Waterways, and I might add also from Hay River for Northern Transportation, and we plotted both Northern Transportation and Yellowknife Transportation to study this matter thoroughly. You will see that looking at the one it says "slope of this line 3.6 cents per ton-mile."

COMMISSIONER GAINER: That is the lower line?

MR. GRIMBLE: Where the arrow says "3.6 cents per ton mile". You will notice this line is at the bottom, too. These lines are all on this same slope of 3.6 cents per ton mile. Starting in the left hand corner there is a line which says "Fitz" written on it, and then above that "FS", for Fort Smith. You will notice 3.6 cents a ton-mile applies to Fitz. There is a straight jump of \$9 a ton, and then the 3.6 applies right to Inuvik.

You may notice before you start at Waterways -- the



zero is Waterways; this is all plotted from Waterways, so the zero on the bottom is Waterways.

THE CHAIRMAN: What is the "Fitz"? That is Fitzgerald?

MR. GRIMBLE: The zero point is Waterways. We did this last night at midnight, so perhaps that is the trouble. There is a \$4 charge on Waterways. In other words, if you hauled one mile out of Waterways you would not get a better rate than \$4. If you come out from Waterways at \$4 you get on the 3.6 cents per ton mile after you get past the 25-cent rate which is in the table. Twenty-five cents is the minimum you can pay. 3.6 cents a ton-mile to Fitzgerald, at 300 miles. You go the 300 miles, you come to Fitz; you go across the portage for \$9 a ton, and then you proceed along the 3.6 cents a ton-mile to these points. You can see Fort Simpson, Fort Norman, Norman Wells, Fort Good Hope, Arctic Red River and Inuvik as we go up the line.

THE CHAIRMAN: Are these present rates?

MR. GRIMBLE: Yes.

THE CHAIRMAN: And these water rates are the same as those shown on your first sheet, which are rail rates?

MR. GRIMBLE: Yes, except for the \$8 for handling and \$4 for handling.

COMMISSIONER GAINER: This lower line is what, the YT and NT rate?



MR. GRIMBLE: Actually, there is a line parallel -- this is NT from Waterways. You go out from Waterways on this line, but this second line below is 10 cents a hundredweight less, and this is the same point here because they have the requirement for the haul -- take \$2 per ton off for shipment exceeding 10 tons -- you get a better rate. You still follow the 3.6 cents a ton-mile slope but it is lower in each case.

COMMISSIONER GAINER: A quantity discount, really?

MR. GRIMBLE: Yes. So, if we do not cloud the issue with that we could pay this rate via Northern Transportation and the waterways, jump the \$9, and go up to a 3 cents a ton-mile rate from Fort Smith up to Inuvik. Now, the YT rate is the same only it starts at Hay River. You jump up to \$4 and you go up at 3.6 cents a ton-mile rate through the same areas. This is parallelling them; they start out at points or ---

COMMISSIONER GAINER: Yes. You might have started out at zero back here?

MR. GRIMBLE: Yes, but this is the most significant thing here, and the fact that both are \$4 and they also have this \$2 discount, so there should be another line here parallel, just below, to indicate the quantity discount. The significant thing is, it is 3.6 cents a ton-mile the same as the railway, only they charge a \$4 handling charge



and the railway charge \$8.

THE CHAIRMAN: But they add \$9 to go across the portage?

MR. GRIMBLE: Yes.

THE CHAIRMAN: That is a charge which would not be there if it was rail?

MR. GRIMBLE: No, sir.

THE CHAIRMAN: That is why you say it is cheaper if things are going to go by rail?

MR. GRIMBLE: Yes.

THE CHAIRMAN: Assuming that these rates apply?

MR. GRIMBLE: Oh, these apply. These are the maximum. The railway cannot charge any more than this.

THE CHAIRMAN: The railway cannot charge any more than this under present orders of the Board of Transport Commissioners?

MR. GRIMBLE: Yes.

THE CHAIRMAN: But there is no reason why the Parliament of Canada can't change that very readily?

MR. GRIMBLE: That is right. This is the maximum the water carriers can charge, the curved line.

COMMISSIONER GAINER: Which, as it happens, is not the effective rate quite, nor would this be, except where Class 45 applies?

MR. GRIMBLE: That is right.



COMMISSIONER GAINER: What this suggests, then, is that this is the key to the Board of Transport pricing on both water and rail freight in so far as competitive factors are not operative, fixed charge plus certain increment, which happens to be the same for both types of carrier?

MR. GRIMBLE: Yes, sir.

COMMISSIONER GAINER: What is your curve here?

MR. GRIMBLE: The maximum rate the water carriers can charge, according to the Board of Transport Commissioners. Those are both the same line as far as the railways are concerned.

COMMISSIONER GAINER: In so far as they are charging Class 45 rates?

MR. GRIMBLE: Yes, the same line. They charge the maximum, whereas the water transporter is considerably below what they are charging, below the maximum.

COMMISSIONER GAINER: Well, looking at this maximum rate, why does it not have an intercept here and a straight line the same way? Is this ceiling rate not, in fact, established according to a fixed charge plus a constant increment?

MR. GRIMBLE: I do not know. We just plotted the points where they had the tariff. I think this takes care of the portage.

COMMISSIONER GAINER: Perhaps I am not quite clear, then. These relate to the actual rates that



are ---

MR. GRIMBLE: That is right, actual rates.

COMMISSIONER GAINER: In other words, what we are saying is that the actual charge that Northern Transportation and Yellowknife Transportation are charging have been set up in a fashion that happens to be similar to the Board of Transport ceiling rates for railroads, but the Board of Transport ceiling rates for water are not done in the same fashion.

MR. GRIMBLE: No, their incremental slope is 5 cents per ton mile.

COMMISSIONER GAINER: More than that here?

MR. GRIMBLE: Yes, it is steeper here and it is \$7 instead of \$4.

THE CHAIRMAN: For all Canadian waterways?

MR. GRIMBLE: No, this is published for Yellowknife Transport and Northern Transport.

COMMISSIONER GAINER: You do not know whether that is a similar type of thing for the Great Lakes water carrier?

MR. GORDON: I do not know of a maximum class rate scale that has been published for the Great Lakes. There may be one, but I have not in my experience run across it. That one was published particularly by the Board of Transport Commissioners for the Mackenzie River basin.

COMMISSIONER THOMSON: It should be possible to get the rates on the Great Lakes.



MR. GORDON: Oh, yes, we can get the rates but the effective rates on the Great Lakes are not shown by a maximum scale at all. Whether there is a maximum scale on the water carriers I do not know, but the rates on the Great Lakes generally speaking on through haul traffic, I do not know about local traffic, but on the through haul traffic they are based on a fixed arbitrary below the railway rate and they are always retained on that fixed arbitrary below.

THE CHAIRMAN: Have you an idea what these figures would be? What do they haul on the Great Lakes at?

MR. GORDON: I would not like to take a guess at it, but I can find out and I can tell you what the arbitraries are, by classes, on the Great Lakes. I will see if I can get something as to whether or not there is a maximum scale published for the Great Lakes. I don't know. There is a lot of local traffic between points along the Great Lakes which is usually only by rail.

COMMISSIONER GAINER: Would there not be an equivalent of Class 5 or General rate?

MR. GORDON: From one end of the lakes to the other, yes, but whether there is for intermediate points along the lakes I do not know, because I do not know of any carrier that operates. Most of them move from Fort William to the far end of the lake and they do not serve too much the intermediate



points unless it is a small local carrier whose tariffs I have not examined.

COMMISSIONER GAINER: I would be interested in that because it is pretty evident that the water rates are extremely high for water carriers, just as a matter of interest.

MR. GORDON: I would not like to say they are extremely high for water carriers when you consider the type of operation they have. They operate five months of the year and their equipment is tied up for seven months of the year.

COMMISSIONER GAINER: I did not intend that to be a value judgment, but I am saying, relative to other water carriers here, there may be good reason for it.

MR. GORDON: I will see if I can get the figures for you on the Great Lakes system and the St. Lawrence Waterway.

COMMISSIONER GAINER: Now, Mr. Grimble, in reference to your third graph there, if you drew the same curve for the water carriers as you did for the rail it would be everywhere higher but also approach 3.6 cents per ton-mile?

MR. GRIMBLE: It would be everywhere lower.

COMMISSIONER GAINER: Referring to their effective rates?

MR. GRIMBLE: Its effective rates, it would be everywhere lower because it starts at \$4



instead of \$8, so this curve would be asymptotic to the vertical axis here, but it would become asymptotic to 3.6, but always lower, because the \$4 is stretched over more distance.

THE CHAIRMAN: That schedule you have just shown us will be Exhibit 52-MMM.

---EXHIBIT NO. 52-MMM: Three sheets of graphs submitted by Mr. Grimble.

COMMISSIONER GAINER: What interpretation would you make out of that relationship, then? The water rates, according to your effective schedule per ton-mile, the average revenue per ton-mile would always be lower than for an equivalent distance than rail, although it may be parallel distance?

MR. GRIMBLE: Unless they go across the portage. If they go across the portage, if the distances were the same, the portage adds \$9 which makes \$9 plus \$4 instead of \$8, so they have a \$5 advantage, and unless the difference is ---

COMMISSIONER GAINER: It would be in either case higher, but it would still approach 3.6?

MR. GRIMBLE: That is right. The distance becomes the factor to consider.

COMMISSIONER GAINER: Well, if you cross the portage it would always be cheaper by rail?

MR. GRIMBLE: That is the point we are making. If you go to Bell Rock on the eastern route



the water carriers with their present rates would not be competitive with Class 45. If you go to Hay River on the western route then the distance involved would definitely be in favour of the rail, and this would eliminate the movement across the portage and the abandonment of Bell Rock.

THE CHAIRMAN: If these rates were followed it seems to me there is this interesting comparison, that the freight rate you contemplate is a freight rate which we are assuming right along would involve a substantial loss to the railway, yet the water rate which is now in effect produces a substantial profit to Northern Transportation.

MR. GRIMBLE: I would not be prepared to say that. I think this rail rate is attractive to the railway, this 3.6 cents per ton-mile, and I think the reason ---

COMMISSIONER GAINER: You are just using that one rate, that one type of freight?

MR. GRIMBLE: It is about one-third of the traffic.

COMMISSIONER GAINER: This would not apply to commodity or competitive rates?

MR. GRIMBLE: Yes, we are dealing with about one-third of the traffic when we deal with this because there is petroleum and sulphur that make up two-thirds.

COMMISSIONER GAINER: Now, speaking of the



Board of Transport Commissioners' maximum rate for water, we could take it at infinity and move down as far as you see up to 1100 miles, but no less than 5 cents per ton-mile?

MR. GRIMBLE: Yes, sir. The maximum that they show would never get closer than 3 cents.

COMMISSIONER GAINER: Up to about 1100 miles?

MR. GRIMBLE: That is right. There is a third graph in there which you might like to deal with at this time.

COMMISSIONER GAINER: In the same set of papers?

MR. GRIMBLE: Yes, the second page. This is plotted for bulk petroleum products. It again starts at zero at Waterways and indicates that somewhere between \$9 and \$10 a ton applies to all the movements up to the portage. These little dots at the top, Embarrass, Fort Chipewyan and Bushell. There is a line at \$10, and Bushell is \$9, and Embarrass is below here. Chip is on the \$10 line and Fitzgerald is on the \$10 line, so we find no point for petroleum products that is set less than \$9 a ton. We go to the portage and you see it jumps up at Portage by \$5 a ton and then the line goes up to the points in the Arctic at a constant slope of 4 cents per ton-mile, in this particular case. Their rates do not include the handling. You load and unload your own barges on both Northern Transportation



and Yellowknife Transportation. Yellowknife Transportation rates start at Hay River. They go through this same 4-cent a ton-mile slope. These points do not fall as neatly in the 4-cent line. The best fit line falls on the 4-cent a ton-mile rate.

THE CHAIRMAN: The ton-mile rate is higher for petroleum than for ordinary freight?

MR. GRIMBLE: Yes, sir, but there is no handling charge. You unload and load your own. Consequently you start at zero from Fort Smith and Hay River. It goes right through zero at Hay River and right from zero at Fort Smith. Now, this line is only there as a matter of interest. It is the railways pulling petroleum, agreed charge rate. This shows a curve. Apparently NT or YT rates by rail haul, the slope is 1.2 cents per ton-mile, including handling, and their last point at 900 miles, the rate on the average is 2 cents a ton-mile.

You notice at the bottom that Bushell's rate from Waterways to Bushell is 3.3 cents a ton-mile, and the handling is looked after by somebody else.

THE CHAIRMAN: You say including handling?

MR. GRIMBLE: That is the wrong terminology. You provide your own loading and unloading facilities, it is a requirement of the tariff, so this is incorrectly worded. This should be 3.3 cents per ton-mile not including handling. "Not" is underlined. The only place it says "including handling" is down



the railways.

MR. GORDON: No, the railways do not load or unload bulk petroleum products. It is up to the shipper or consignee to have their own facilities. Also, the railways do not provide any rolling stock for the movement of liquid stocks. It is up to the shipper to provide that. In return for not providing rolling stock the railways pay on tank cars at the present time and it varies with different types, 4 cents per mile loaded or empty. They pay the owner of the tank car, and if the refinery owns the tank car the refinery gets that money; if a leasing company owns the tank car the money is remitted to the leasing company and the leasing company credits the lessee of the car, who would be the oil refiner, or whoever was leasing the car at the time, with that amount against their rental charges.

I have had some years' experience in handling a fleet of cars owned by my client Canadian Kodiak, and it is my opinion that the mileage allowance on tank cars do not compensate for having to supply your own equipment. Actually the railways are getting off more cheaply on petroleum products so far as equipment is concerned than they are on the other merchandise where they supply their rolling stock.

COMMISSIONER GAINER: So all these figures are read "not including"?

MR. GRIMBLE: Yes, all of them; there should



be a word "not" in every case.

COMMISSIONER THOMSON: Before we stop here, that map you have there does not correspond with Major Charles' map. He did not go into Fitzgerald or Fort Chipewyan or Bell Rock or any of those towns. Would all those figures include -- would your Chamber of Commerce route for the railroad -- you would not agree with Major Charles' route. You would get over the escarpment and go into Fort Smith. Would these figures include that transshipment? If the railways build a railroad will they build it according to Major Charles' route or according to your route, or is that something that is too far distant yet?

-

-

-

-



MR. GRIMBLE: The only thing that we may have on this is the fact that Major Charles' terms of reference were that he was to investigate a railway from Waterways to Pine Point and a harbour on Great Slave Lake. This never occurred to Major Charles and I don't think he gave any thought to it.

COMMISSIONER THOMSON: The figures you have quoted on these different freight rates would be not on the route that Major Charles laid out; that is, you wouldn't have trucking.

MR. GRIMBLE: No, we wouldn't be doing any trucking. These rates are on a mileage basis.

COMMISSIONER THOMSON: You mentioned Embarrass. How would a railroad get into Embarrass?

MR. GRIMBLE: It would be quite close to Embarrass. It would probably serve Embarrass.

COMMISSIONER THOMSON: I think Mr. Denney said it was impossible to work in that country, to get lumber out.

MR. GRIMBLE: No, he was talking about this country around here. Embarrass is - -

COMMISSIONER THOMSON: Embarrass is just before you go into the Delta, practically.

MR. GRIMBLE: Here is the rail location on this map as Major Charles laid it out, and Embarrass is this block with the air strip on it. It is 11 miles from there down to the river, and this bank of the river is very sandy.



COMMISSIONER THOMSON: As I recollect, Major Charles' railway swung off back towards Lake Clare.

MR. GRIMBLE: This is his dotted line here, and then he swings and comes out west of Lake Clare.

COMMISSIONER THOMSON: The benefit to Embarrass would be still rather nebulous.

MR. GRIMBLE: Shell Oil is operating north of Bitumount, and they are using a road from their operations. They have a highly secret operation just north of Bitumount, McClelland Lake, and they have access to Bitumount by road, and they fly their supplies into Embarrass. They have been using this road for the last two weeks, trucking back and forward on the road.

COMMISSIONER THOMSON: How would you get across the river? - by ferry?

MR. GRIMBLE: By ferry.

COMMISSIONER THOMSON: I thought you said to Justice Manning that ferries were very undesirable.

MR. GRIMBLE: I think as a permanent means of carrying on commerce they are, but to serve a small community they are very good.

THE CHAIRMAN: Where is the Shell Oil Company?

MR. GRIMBLE: It is north of Bitumount. It is in the vicinity of McClelland Lake, between McClelland Lake and the river.



THE CHAIRMAN: You said it was a secret operation.

MR. GRIMBLE: Well, they are very quiet about it; they don't tell anyone what they are doing, what sort of process they are using, but each summer they move in here with this operation, and each summer they carry on their operations over here.

THE CHAIRMAN: You say here. I think you are pointing to some spot on the east side of the Athabasca River.

MR. GRIMBLE: Yes. Their operations in the summer are near McClelland Lake. It is between McClelland Lake and the river.

THE CHAIRMAN: On the east side of the Athabasca River, is it?

MR. GRIMBLE: Yes, on the east side of the Athabasca River.

THE CHAIRMAN: Is it a very extensive operation, do you know?

MR. GRIMBLE: I have a picture of it here. It is not a very big operation. They have a drill, a drilling tower and a camp and equipment.

THE CHAIRMAN: It is comparable in size to Royalite's?

MR. GRIMBLE: No, it is not nearly as big as Royalite's by any means. It is about the same size as an oil drilling operation, looking at it from the air.



THE CHAIRMAN: You say they have been going in there for several summers.

MR. GRIMBLE: The last two summers I have heard of their operation.

THE CHAIRMAN: Have they been in the same place in these operations?

MR. GRIMBLE: As far as I know. They have a dock at the river and a road to the river from this location, and in the winter time, I guess due to access, they move west of the river and carry on the same type of research program and carry on 20 miles west of the river in the same general area.

THE CHAIRMAN: About 20 miles west of the river.

MR. GRIMBLE: Yes.

THE CHAIRMAN: How do you know it is the same type of operation?

MR. GRIMBLE: They move the equipment. They seem to move their whole operation over to this point.

THE CHAIRMAN: And the equipment seems to move from one place to another.

MR. GRIMBLE: Yes. They don't talk about what they are doing.

THE CHAIRMAN: Who are "they"?

MR. GRIMBLE: Shell Oil people.

THE CHAIRMAN: The Shell Oil people who are at the site?



MR. GRIMBLE: Yes.

THE CHAIRMAN: Have you been there?

MR. GRIMBLE: No. They operate as a base at McMurray.

THE CHAIRMAN: Have you talked to them?

MR. GRIMBLE: No, I haven't talked to them, but the natives told me. I didn't make a point of inquiring what they were doing. I asked about this operation and they said they didn't know what they were doing but it was very hush-hush, and they have been doing it for the last two summers and last two winters that I know of.

The point I was illustrating is the fact that you can drive on the road today from a point north of Bitumont along the river to Embarrass, on a present road.

THE CHAIRMAN: Is that an all-year-round road?

MR. GRIMBLE: No, it is just a trail in the bush, but in the fall they can use it.

THE CHAIRMAN: How long is the road on the east side?

MR. GRIMBLE: It would be about 25 miles.

COMMISSIONER THOMSON: I thought we had somebody giving evidence in front of the Commission who said that you couldn't build a road on the east side of the river.

MR. GRIMBLE: I wasn't here, sir; I



didn't hear it.

COMMISSIONER THOMSON: As a general rule, that country east of the Athabasca is much drier than the west; it is much more sandy country.

MR. GRIMBLE: It is much sandier country, but I wouldn't say it is any drier.

MR. BISHOP: Mr. Chairman, just to straighten the record, I think we should point out that the various points and numbers on Mr. Grimble's graphs that he has just submitted in evidence refer to the present, in one case the allowable freight rates and in the other case the allowable water rates, and it is not intended to imply that the route we propose would supply a rail service to all the points on that chart or on that graph. In other words, it is not intended, just because Fort Chipewyan is mentioned on that scale, that there should be rail access to Fort Chipewyan. I may have misunderstood Commissioner Thomson's question.

COMMISSIONER THOMSON: From this chart I understood that the railway was going in.

MR. BISHOP: Shall I go on with number 6, sir?

THE CHAIRMAN: Yes.

MR. BISHOP: The proposed Peace River Power Development, that has been stated as an argument for selection of the Western Route, might ironically complement best the Eastern Route for the following reasons:



(a) The regulation of flow on the Peace River will eliminate the extreme low water in the fall of the year and improve navigation from Peace Point to Lake Athabasca, allowing an even greater draft to be used than now considered possible.

(b) Similarly, the Slave River from Bell Rock to Great Slave Lake will receive more water in the fall and may provide navigable water for lake steamers.

(c) The restriction to flow during construction of the Dam and filling the reservoir; two years and seven years respectively, may aggravate low water in the Athabasca delta and require the use of Peace Point as a transshipment point.

(d) If the railway bridge over the Peace River were constructed during these 9 years of restricted flow, a saving in construction cost would be possible.

(e) When the Peace River Dam is completed, the power potential at Fort Smith will be improved and for a lower development cost, more power can be generated.

(f) It is possible, that with a greater and more uniform flow in the Peace River as a result of the Peace River Power Development, that navigation at Boyer Rapids would be possible all summer, instead of only in the period of high water. It may be possible without too great an expenditure, along with this more uniform flow, to make channel improvements at Boyer Rapids and Vermilion Chutes to allow navigation from



Lake Athabasca to Fort Vermilion, Peace River Town,
Taylor Flats and Hudson Hope.

THE CHAIRMAN: Are Boyer Rapids close to
Peace Point?

MR. BISHOP: I think Boyer Rapids is close
to Vermilion Chutes.

MR. GRIMBLE: About five miles from
Peace Point.

THE CHAIRMAN: Which way from Peace Point?

MR. GRIMBLE: Up the river from Peace Point.

THE CHAIRMAN: You speak about navigation
being possible past Vermilion Chutes. Is that a diffi-
cult thing, Mr. Grimble?

MR. GRIMBLE: I don't think so. It is
a 12-foot drop, and I would think it would be possible.
It wouldn't be justified unless the power project went
in. There was a service on the Peace River until
seven years ago, but it was abandoned seven years ago.

THE CHAIRMAN: Why was it abandoned?

MR. GRIMBLE: The reason was that the
operator was charging too low rates and wasn't too big
a business man to raise his rates. These are his
tariffs. I don't think he realized he was operating
with too low rates.

THE CHAIRMAN: Did they ship out that
way?

MR. GRIMBLE: From Fort Vermilion they
used to ship to Peace River Town. At that time there
wasn't a highway, of course



THE CHAIRMAN: What would they get their grain out for?

MR. GRIMBLE: They would get the grain out on this basis for the same price that truckers now charge.

THE CHAIRMAN: But there was no saving to them.

MR. GRIMBLE: This was the only way at that time.

THE CHAIRMAN: But it was just as costly to them to take it out by water as it now costs them to get it out by truck.

MR. GRIMBLE: Yes, it was exactly the same. Getting round the Chutes with a lock probably wouldn't be too difficult if the volume of traffic justified it.

THE CHAIRMAN: How much would it take to install a lock?

MR. GRIMBLE: I don't know. It would mean a lock to raise the boats about 12 to 15 feet and digging about half a mile of channel.

THE CHAIRMAN: Could you give us any estimate on it at all?

MR. GRIMBLE: I could find out. With a little inquiry I could guess at it.

THE CHAIRMAN: Could you find out what a reasonable estimate might be?

MR. GRIMBLE: I could get a reasonably



round figure estimate.

COMMISSIONER GAINER: This would have to be about a one-mile canal?

MR. GRIMBLE: It would be a matter of whether they could buck the current from that point to the rapids, otherwise they would have to build a mile-long one. There are a good many like that in eastern Canada - the Rideau Canal -- and many years ago they built locks of this magnitude by hand.

COMMISSIONER GAINER: I would have thought the drop would have been more.

MR. GRIMBLE: It is a 12-foot vertical drop.

THE CHAIRMAN: You say there were services carried on there for a number of years.

MR. GRIMBLE: Yes.

THE CHAIRMAN: Until when?

MR. GRIMBLE: I think he quit seven years ago. The name of the firm was O'Sullivan, Stigsen Transportation Service, Peace River Division.

THE CHAIRMAN: Do you have the rates?

MR. GRIMBLE: I have their tariffs there.

THE CHAIRMAN: Would you file that as an exhibit, please?

MR. GRIMBLE: Yes, sir. I got it mainly as a historical document. It was quite interesting, I thought.

THE CHAIRMAN: What is that, Mr. Graham?



MR. GRAHAM: 52 (nnn).

--- EXHIBIT NO. 55 (nnn): Tariff of O'Sullivan,
Stigsen Transportation
Service, Peace River
Division.

THE CHAIRMAN: What has been the thinking
about Vermillion Chutes? Might it not be easier to
construct your dam and put the lock at the end of it?

MR. GRIMBLE: If they had a use for the
power, this would be probably the easiest way to do
it.

THE CHAIRMAN: Apart from that, the dam
won't be any more expensive than the canal.

MR. GRIMBLE: The dam would be more
expensive; the canal wouldn't be very expensive.

THE CHAIRMAN: Then there are some
rapids below the Chutes are there?

MR. GRIMBLE: It is a very unusual sight.
This is taken at very low water. Actually there are
two rapids and one chute. These are aerial photo-
graphs and they all go together into a mosaic. These
all fit together, they overlap.

THE CHAIRMAN: Are there rapids in be-
tween the two chutes?

MR. GRIMBLE: No. I think the vertical
drop - I can't say where it is. I have flown over
this at various times. There is the portage road
and this is the road where they come around here and



get on to the river below. This is a limestone rock, a soft limestone rock. You can almost walk across the river; at least it appears that way from the air.

Another point of interest - there was a man, I think Mr. J. D. Thomas, had an operation from Peace River Town to Hudson Hope.

THE CHAIRMAN: About the same time?

MR. GRIMBLE: No, I think this was many years ago, about 20 years ago. Until 1931 it was D. A. Thomas. They used to haul coal to Hudson Hope. This boat was owned by D. A. Thomas, who also owned a major interest in the mines at Hudson Hope. After that year the coal was shipped overland.

The next paragraph says that the Hudson Bay also had a stern wheeler whose draft was similar to the D. A. Thomas. Its major freight was supplying trading posts up the river. It was also used to ship wheat, cattle, to the river crossing. Both the above boats tried to make their last trip up river on September 1st, 19 - - that date can't be right. There is a typographical error here.

THE CHAIRMAN: Where are you quoting from?

MR. GRIMBLE: We have a man at Taylor, British Columbia, and we asked him to talk to the oldtimers there, and he talked to these old timers and wrote me this memo. This D. A. Thomas was a wood-fired stern wheeler, capable of carrying 150 tons of coal, and had a 3-foot draft.



THE CHAIRMAN: Would the river stand anything greater than a 3-foot draft from the river to Hudson Hope?

MR. GRIMBLE: In the spring it would stand considerably more; in the fall it would go down to the 3-foot draft, the same as at the Athabasca. In connection with the Peace River Power Development, they would allow probably a five or six-foot draft in the fall with the regulations they propose to put in, and this would change the economics of the operation.



THE CHAIRMAN: Would it be feasible to transport agricultural products up the river from Fort Vermilion to where it could reach the P.G.E.?

MR. GRIMBLE: Yes, sir. They could go from Fort Vermilion to Taylor right now; the 3-foot draft would be the limitation in the fall.

THE CHAIRMAN: And is the proposed power development west of Taylor?

MR. GRIMBLE: At Hudson Hope, yes, about 50 miles west of Taylor. The river is the same right to Hudson Hope, right at the power development.

THE CHAIRMAN: How far is it from Fort St. John to Vancouver? Have you that figure with you or have you already given it to us?

MR. GORDON: I have not that figure with me. I think we figured it out this morning. Dawson Creek to Vancouver is 725.2 and Fort St. John is slightly further. I am not just sure of the exact---

THE CHAIRMAN: How far is it from Dawson Creek to Vancouver?

MR. GORDON: 725.2 miles to Vancouver; 725.2 to North Vancouver, with a 5-mile additional to Vancouver harbour.

THE CHAIRMAN: You gave us the distance from Grimshaw to Vancouver, did you not?

MR. GORDON: Yes, sir. I do not think I gave you the distance ---

THE CHAIRMAN: How far is that?



MR. GORDON: Via Grimshaw from Pine Point via Grimshaw-Dawson Creek P.G.E. Vancouver, the total there was 1,457, and it would be 405 miles -- no, 395 miles from Hay River.

THE CHAIRMAN: Perhaps we should adjourn for a few minutes until you check that.

---Short recess.

MR. BISHOP: We were discussing, Mr. Chairman, the possibility of making channel improvements at Boyer Rapids and Vermilion Chutes.

THE CHAIRMAN: Mr. Gordon was going to find out the distance from Grimshaw to Vancouver.

MR. BISHOP: And I presume he is working on that. Mr. Grimble was going to point out on the map just where Boyer Rapids is.

THE CHAIRMAN: It is five miles from Peace Point.

MR. GRIMBLE: Maybe less than that. There is Boyer Rapids here. I would guess about five miles up the river from the bridge site.

THE CHAIRMAN: They are navigable now, are they not?

MR. GRIMBLE: In high water, yes.

THE CHAIRMAN: Only in high water?

MR. GRIMBLE: They only try to go through in high water. Hudson's Bay used to go through every spring to feed Little Red River, and they only



do that in June and July.

THE CHAIRMAN: What is Little Red River?

MR. GRIMBLE: It is a settlement near Vermilion Chutes.

COMMISSIONER THOMSON: How are Vermilion Falls to get up and down; are they difficult?

MR. GRIMBLE: They are nearly impossible. They go down them in high water, but it is impracticable to go up them.

COMMISSIONER THOMSON: Besides the canal at Boyer, what would you do at the Vermilion Chutes? Would you put another lock in there?

MR. GRIMBLE: Actually Vermilion Chutes we discussed earlier. I think Boyer Rapids would be fixed with a small amount of dredging and a regulation of the stream flow.

COMMISSIONER THOMSON: But you would not have to put locks in at Boyer?

MR. GRIMBLE: No, Boyer should be no trouble -- higher water.

MR. BISHOP: This would allow the sulphur now being produced at Taylor to be shipped to Uranium City without rehandling. Mining products could be transported on the backhaul. The development of the Lake Athabasca region, to the extent necessary to justify this, would never occur without the rail access to the area provided by the eastern route.



THE CHAIRMAN: "Development of the Lake Athabasca region to the extent necessary to justify this would never occur without the rail access to the area provided by the eastern route"? The development along Athabasca has already taken place, has it not? Do you anticipate much more development as a result of a railway on the eastern route?

MR. GRIMBLE: What we had in mind in this statement was that the construction of locks at Vermilion Chutes would be justification for this, and this traffic up and down the river, looking a long way ahead, would need fairly extensive development in this general area, greater than what is now there. The development probably would not take place without a railway up the eastern route, power at Fort Smith with a dam and access. This is looking a long way ahead speaking in terms of this becoming a major area of mineral development, industrial development, at Pine Point and power project at Fort Smith, and this sort of transportation up and down the river with the Peace River project regulating the water can be visualized in twenty, thirty or forty years.

THE CHAIRMAN: Well, you are going to find out something about what it might cost to put that lock in at Vermilion Chutes?

MR. GRIMBLE: Yes.

THE CHAIRMAN: That is close to Fort Vermilion, is it not?



MR. GRIMBLE: It is downstream 30 or 40 miles.

THE CHAIRMAN: And the Boyer Rapids could be fixed up with a relatively small expenditure?

MR. GRIMBLE: With regulated flow and some dredging I do not think it would be too difficult.

THE CHAIRMAN: Do you think \$1 million would go far towards fixing up Vermilion Chutes?

MR. GRIMBLE: I think it would be considerably less than \$1 million. We can hazard a guess, but I think \$1 million would be a very, very high figure for that.

THE CHAIRMAN: For fixing up Vermilion Chutes?

MR. GRIMBLE: For building a lock I think \$1 million would be -- I would guess even half of it, but I would not ---

THE CHAIRMAN: You think half a million dollars might fix up Vermilion Chutes, do you?

MR. GRIMBLE: I would rather study it a little more.

MR. BISHOP: The distance from Pine Point to Edmonton via the Waterways route is 64 miles shorter than the distance via the Grimshaw route, and thus the distance to Trail, B.C., or Eastern Canada, is shorter by this amount.

THE CHAIRMAN: I think Pine Point Mines say 54 miles, do they not?

MR. GRIMBLE: Those are Major Charles' figures. I think these agree -- 395 miles from



Waterways to Pine Point compared to 430 miles from Grimshaw to Pine Point plus an additional 30 miles from Grimshaw to Edmonton. This would be 65 miles.

COMMISSIONER THOMSON: You say Major Charles --

MR. GRIMBLE: Those are figures Major Charles gave, 440 to Ile du Mort and take away 10 miles reads 430 miles. This agrees with the figures on his map.

COMMISSIONER THOMSON: But it would not agree if we went by your route?

MR. GRIMBLE: No, the spur or loop is a matter of detail, whether it is a spur or loop is a matter of detail. These mileages agree with Major Charles.

THE CHAIRMAN: And if you were to go around -- say that the rail went through Fort Smith, it would be a little further on the eastern route, and if you go around, or the railway goes through Hay River, it would be a little further on the western route?

MR. GRIMBLE: Sixteen miles to go from Bell Rock on the eastern route and 25 miles further to Hay River on the western route. That is in addition to the 64.

MR. BISHOP: The large bulk of freight both from Pine Point to Trail and from Edmonton and Eastern Canada to Pine Point would thus demand a lower freight rate and a dollar saving to the mine operators.

The eastern railway route would make it



unnecessary to use the uneconomic portions of the present water route such as the shallow water of the Athabasca and the portage at Fort Smith. Since good water transport is economic, the sooner goods are delivered to unimpeded water transport the less cost to the shipper. The distance from Edmonton to Bell Rock Harbour on Great Slave Lake is 129 miles shorter than the distance from Edmonton to Hay River Harbour via Grimshaw or 174 miles shorter than the distance from Edmonton to Ile du Mort.

THE CHAIRMAN: It is rather interesting to look at our Exhibit 52-MMM. The extra cost per mile is the same over water as over rail, is it not, for Class 45 freight?

MR. GRIMBLE: Except it is \$4 less for handling charges.

THE CHAIRMAN: Yes, which does not amount to much over a longer distance?

MR. GRIMBLE: There is another factor we did not introduce previously, the fact that the Northern Transportation Company have made in the order of 5 per cent profit on their investment plus writing off their equipment till it is nearly written off completely. This is compared to the railway companies who make 2.7 per cent profit on their investment and write off their equipment a lot slower.

THE CHAIRMAN: To go back to page 45 where you are saying if Fort Fitzgerald, Fort Smith



and Bell Rock are bypassed the facilities for river navigation and portaging at these points would be abandoned, you base that statement on the assumption that the river rates would be maintained and the rail rates would not be higher than Class 45?

MR. GRIMBLE: The portage actually is the additional factor there. Actually their portage costs, according to Mr. Broderick, are in the order of \$10 and yet they charge only \$9.



THE CHAIRMAN: But the actual cost of water transportation, I always thought, was considerably lower than the rail transportation, and yet exhibit 55 (nnn) doesn't suggest that there is very much difference.

MR. GRIMBLE: I think the answer, sir, is just what I told you about the proper picture before.

THE CHAIRMAN: What is the difference between carrying freight by river and carrying it by rail? Can you make any kind of an estimate? Perhaps there are too many factors that should be considered on each particular route.

MR. GRIMBLE: There are too many factors. We have some figures from the Gordon Report that give Great Slave Lake shipping costs, if I can find them in my notes. But there are a lot of variables; they have a deeper draft, and they have a seven-month operation instead of a five-month operation in the year, and they have tonnages in two directions, whereas here it is one direction.

COMMISSIONER GAINER: On this same question, Mr. Grimble, according to the maximum Board of Transport rates and water rates, that would be the one that starts at \$7.00 per ton-mile.

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: All of these, except in the very beginning, would be higher than the equivalent rail haul.



MR. GRIMBLE: Yes.

COMMISSIONER GAINER: These maxima you quote here are the Waterways figures.

MR. GRIMBLE: They are the same.

COMMISSIONER GAINER: Is this maximum scale the same as Y.T.?

MR. GRIMBLE: Yes. If they changed the zero point to Hay River, then you have Y.T. maximums.

COMMISSIONER GAINER: You are referring to their actual rates, effective rates.

MR. GRIMBLE: No, their maximum rates are the same, too. Actually their classification rate is merely miles and costs, without any points mentioned at all.

COMMISSIONER GAINER: But they both start at \$7.00 for any distance at all; is that right?

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: Does that apply to a carrier operating down the Mackenzie, we will say, and one operating on the Athabasca, including the portage?

MR. GRIMBLE: It is exactly the same.

COMMISSIONER GAINER: So the transport rates do not take account of the portage rate.

MR. GRIMBLE: That is right. It is just a matter of miles and dollars.

COMMISSIONER GAINER: This possibly might account for what seems rather a high ceiling schedule



for water carriers.

Just one further interpretative point here. Would you argue, then, that, given the Board of Transport maximum figures for water carriers operating in the north, water carriers are cheaper to operate than rail?

MR. GRIMBLE: I don't think the maximum allowed by the Board of Transport is a factor at all in this. The effective rate is so below the allowable that I don't think it is a factor. They only use those rates for intermediate points.

COMMISSIONER GAINER: I understand this, but it seems to me you have had to use class 45 rates, and we know only a small proportion would travel under these maximum rates.

MR. GRIMBLE: The largest part of the water transport, other than petroleum and sulphur, move under that rate. This is the most popular rate by water.

COMMISSIONER GAINER: Yes, which is something less than the maximum for water.

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: But in the case of the rail figures you quoted, this is class 45.

MR. GRIMBLE: Yes. About 20 per cent of the rail traffic moves under class rates.

COMMISSIONER GAINER: But the highest proportion would move less than this.



MR. GRIMBLE: Yes. There is the C.P.R. annual report for last year. Their average revenue per ton-mile was 1.57.

COMMISSIONER GAINER: 1.5, wasn't it?

MR. GRIMBLE: For 1958 it was 1.47, and for 1957 it was 1.5.

In the Gordon Commission they refer to the low cost of water transport at between 0.2 cents to 0.5 cents a ton-mile.

THE CHAIRMAN: Where is that?

MR. GRIMBLE: On page 276 of the final Report of the Gordon Royal Commission, November, 1957.

THE CHAIRMAN: Page 276, and what do they say?

MR. GRIMBLE: The water carrier is the oldest form of transport in Canada. They have increased their total share of the available freight volume since 1928, "although their proportion of the dollar value of business has fallen because this traffic is almost entirely low-rated. This expansion has been due to their very low costs, 0.2 cents to 0.5 cents a ton-mile, because of their willingness to provide joint 'fishyback' and other co-ordinated services with trucks, and because they have been favourably located geographically to handle both commodities like grain, ore, coal, etc., which made up 92 per cent of their volume".

THE CHAIRMAN: 0.2 cents to 0.5 cents a



ton-mile is cost. Is that what they charge?

MR. GRIMBLE: This is cost, their very low cost.

THE CHAIRMAN: Well, the suggestion has been that 0.5 cents a ton-mile is the statutory rate on grain, and the railway companies have not been able to establish that they are carrying the grain at a loss.

COMMISSIONER GAINER: This has always been the general assumption, of course, but there seems little evidence that the operating factor from water transportation in the north is able to provide for this sort of economy as at least reflected in the Board of Transport rates maximum, nor is it particularly reflected in the effective rates which we have seen in a slightly lower fixed amount, excluding portage. This is the point I am wondering about. Granted that, generally speaking, under usual conditions you could haul much more cheaply by water, but, given the climatic conditions and the short season, and so on, it doesn't seem to be very much difference.

MR. GRIMBLE: The only thing, of course, is that they have written off their equipment each year and they have made 5 per cent or 6 per cent more profit each year. I would say the effective rates are too high. The maximum is far too high, but the effective rates are too high because this is what is actually charged.

There is a paragraph in the Gordon Commission



Report regarding the operations on the Mackenzie which points out this load factor problem and the short season.

COMMISSIONER GAINER: You are reading from the final report.

MR. GRIMBLE: Yes.

COMMISSIONER GAINER: I just wanted your view on that in the light of this general statement about water transport.

MR. GRIMBLE: I hadn't endeavoured to get Gunnar's rates. I think they will give them to me. I haven't been able to do this. I thought they would give me their actual operating costs, because they are not a common carrier, but their manager is on holiday.

THE CHAIRMAN: Could you get those figures, Mr. Grimble?

MR. GRIMBLE: I will keep trying. Their operation is a lot smaller. They have one truck and six barges, compared to five or six times that in the others. Actually it is many times more. It is a bigger operation by N.T., so consequently their cost could be lower by bigger volume.

MR. BISHOP: Those goods best handled by truck transport will continue to use the existing highway system to Hay River and Yellowknife.

An improved service will be possible to Uranium City on Lake Athabasca even though there



might not be a large reduction in rates. A connection to rail by winter road will provide near a year round service and thus reduce the need for the present costly large inventories.

A review of the existing traffic on the Grimshaw Route shows that the railway could expect approximately 310,000 tons of traffic over the Grimshaw Route; 15,000 tons of which would be grain and would produce a gross revenue of only \$5,000. The remainder would be made up in the majority of 215,000 tons of concentrate southbound from Pine Point and 25,000 tons of supplies northbound to Pine Point plus approximately 35,000 tons of general freight for the Great Slave Lake region, assuming that a portion of the supplies presently trucked would be moved by rail. The remaining tonnage would be fish and lumber. There is little reason to believe that there would be any increase in this traffic in the foreseeable future.

A review of the existing traffic on the Eastern Route shows that the railway could expect approximately 450,000 tons of traffic over this route. The major part of the traffic would be the 215,000 tons of southbound concentrate and 25,000 tons of supplies to Pine Point. The 35,000 tons of general freight to the Great Slave Lake region would be similar to that of the Grimshaw route. In addition there would be mining supplies and general traffic to the Lake Athabasca area of over 150,000 tons.



The remainder is made up of lumber and fish. No agricultural traffic is anticipated. I think, Mr. Chairman, we have covered that matter of traffic to the Lake Athabasca region rather thoroughly before this.

There is every reason to believe that these tonnages of traffic on the Eastern Route are conservatively low since no allowance is made for tonnage to and from the Tar Sands development. A gypsum tonnage can be expected, the logging industry should double its present production in the Wood Buffalo Park, and the incentive to explore and develop the mineral finds in the Shield will produce tonnages suitable for rail traffic. I think, Mr. Chairman, that last part of the last sentence is a very important factor in connection with the eastern route; but, as we have seen, the extension and development and mineral finds is something you cannot possibly put a dollar or tonnage figure on.

THE CHAIRMAN: You would like us to underline that, would you?

MR. BISHOP: I think so, Mr. Chairman.

Now, we have worked out some - I don't know whether this is the right point to bring it in - we have worked out what we estimate to be the net foreseeable savings on a very conservative basis over the next 20 years, and if the Commission is interested we could go through these items.



THE CHAIRMAN: What is this you worked out?

MR. BISHOP: Well, we have covered all the items that we thought were relevant to the two routes and attempted to evaluate, where possible, the expected dollar savings. If it was a case of capital cost, then we assumed a certain interest rate over 20 years and added that to our figure; if it was operating costs, we multiplied that by 20 years, and in one case it was an asset that we feel, by the end of the 20 years, would be lost and therefore that would be a large sum that will be totally lost if the railway were to go to the western route rather than the eastern route.

THE CHAIRMAN: This is a schedule that you have, is it?

MR. BISHOP: It is a compilation, Mr. Chairman. It is rather extensive. We come up with the rather startling conclusion that we can claim a saving of 148 million dollars by locating the railway on the eastern route as compared to the western route. This is a matter of comparison, of course; it is not a question, as we have discussed many times, of building the railway or not building the railway. It is a question of net gain or lack of net loss, as being the same thing, and we feel that, over a 20-year period, the eastern route would give an advantage that we can foresee, without taking into account any of the mineral development which we have dealt with, of approximately 148 million dollars.



THE CHAIRMAN: How would it be if you let us each have a copy of this so that we can look over it overnight and we can follow what you have to say on it more intelligently tomorrow morning?

MR. BISHOP: I think it would be very wise. It is probably not the sort of thing you can discuss properly without reading first.

Possibly, I should proceed with the brief.

THE CHAIRMAN: Well, it is four o'clock. We will adjourn till tomorrow morning.

MR. BISHOP: It is merely a matter of time. We have taken so much of the Commission's time so far. We thought we might finish the brief and spend tomorrow morning on discussion about this.

THE CHAIRMAN: Well, go ahead, then.

MR. BISHOP: Conclusions: In conclusion, if one is to look at the broad overall-fundamentals of transportation to the north, one sees the north is presently served by what will be a good standard highway from Grimshaw to Hay River, plus a summertime water transport system from Waterways, both linking with the Mackenzie River System. It is now apparently the opinion of the Government that in order to promote the continued development and expansion of the north, that a railway is required to serve Great Slave Lake and the Mackenzie River System.

It will be generally agreed that there is not enough present traffic to warrant the construc-



tion of a railway, even on the busier Eastern Route. Thus, it becomes obvious that if a railway is to be built, the Government must pay some of the capital costs or some of the capital and a portion of the operating losses. A railway to be built to serve the north must be considered as a development railway and must be subsidized on this basis.

When one looks at transportation in the north in its overall aspects, it is apparent that highway transport is subsidized by the Government which constructs the roads. The transport of goods though is only one factor in the decision to build highways. They are also basic to the opening up of an area for settlement or development in general.

Water transport serving the north is also subsidized to the extent that Government support is provided to the Crown Corporation now handling most of the water transport system.

THE CHAIRMAN: Actually Northern Transportation is making money for the Government.

MR. GRIMBLE: Only by virtue of income tax. The support in this case is the fact that they are Government-sponsored, although they borrow money and pay interest on the money the same as a private corporation.

MR. BISHOP: It is also subsidized to the extent that dockage is provided and dredging is carried out in the Athabasca and at Hay River Harbour



to permit their use. It must be realized, however, that the present operations of the Northern Transportation Company, while providing a necessary service to the north, are profitable and represent a return to the Government towards the cost of wharfage and dredging.

The decision as to the location of a new railway to Great Slave Lake is fundamentally a matter of assessing which of two routes will be most advantageous: (1) which will best serve the function of promoting continued development of Canada's North, and (2) which will keep to a minimum the economic burden on the Canadian taxpayer, in the form of subsidies.

If the subsidy is not to be kept to a minimum, it is necessary to weigh any additional costs against the potential gains to the economy of Canada. Since the mining operation at Pine Point is common to both routes and the cost of arriving at Pine Point is approximately the same, by either route, it becomes a matter of considering what industry or industries enroute to Pine Point will benefit from the subsidy. On the Western Route, the taxpayer would be subsidizing the forest industry as well as the production of grain. On the Eastern Route, he would be subsidizing the mining industry and also the forest industry.

In considering the question of subsidizing



the present mining industry on the Eastern Route; one must remember that rail access to Fort Smith puts the railway in a position to serve the immense potential mining areas east and north of Fort Smith. The subsidy would soon be returned to the Canadian Government if any of these prospects were placed into production. When it is realized that the railways would need to haul approximately 800 thousand tons of freight for an additional gross yearly revenue of approximately \$20,000,000 to justify the 65 million of capital expenditure for either of the proposed extensions to Great Slave Lake, the magnitude of the subsidization problem can be seen.

THE CHAIRMAN: How do you arrive at the 20 million dollars as a yearly revenue?

MR. GRIMBLE: This is a very horse-back figure. It is somewhere between 15 million and 25 million. If you look at the Canadian Pacific Railway Company's annual report, you can see their assets and their revenue for any particular year, and if we take into consideration that these railway lines were built some years ago when costs were lower, you can arrive at a figure in the order of 20 million dollars a year for this amount of capital expenditure.

THE CHAIRMAN: You are just taking the Canadian Pacific Railway Company's annual report, and making some deductions from it.

MR. GRIMBLE: Yes, and it is very approxi-



mate, but it is within 20 per cent, I would think.

MR. BISHOP: It is thought by some people that the agricultural industries which would be served by the Western Route would justify its choice. The complete fallacy of this argument is apparent when it is realized that not only is the gross revenue possible from agricultural industries in the area only about \$20,000, but that this revenue is offset by costs to the railway of at least double. If the switch to livestock, which is a present day trend, is taken into account the picture is even blacker because livestock is now being transported more and more by highway.

At the same time, the comparatively very large volume of mining produce shipped from Pine Point would be penalized by paying freight on an extra 64 miles.

The added cost to the Pine Point Mine to ship via Grimshaw would amount to over \$200,000 yearly. The saving to the farming community along the proposed Western Route for rail haul as opposed to truck haul would be approximately \$100,000 per year.

THE CHAIRMAN: Would you give us a breakdown on those figures tomorrow morning?

MR. BISHOP: Yes, sir, we can give you that.

MR. GRIMBLE: Yes, sir. It is in the



resume you have there. This compilation contains a breakdown.

THE CHAIRMAN: This will appear tomorrow morning when we go through it.

MR. GRIMBLE: Yes, sir.

MR. BISHOP: The wisdom of encouraging marginal agriculture in the face of grain export difficulties, is open to question. To encourage it at the expense of the immensely promising new mining industries of the north is indefensible.

In summing up, the various relevant points should be considered as follows:

(a) Agriculture: Present agricultural development and known potential of agricultural land on the Western Route is considerably greater than on the Eastern. However, as a source of traffic, agricultural products must be kept in perspective. The yearly income to a railroad resulting from the movement of agricultural products would be negligible compared to the revenue producing tonnages necessary.

(b) Fisheries: Both routes would serve the fisheries in Great Slave Lake. The Eastern Route would have the added advantage of serving the fishing industry on Lake Athabasca and Lake Claire.

(c) Indications and estimates by disinterested, qualified parties are that the lumber and pulpwood possibilities on the Eastern Route are equally as good as those which would be served by the Western



Route. In addition, the greater part of the potential on the Western Route could be as well served by a comparatively short spur line from Hines Creek.

(d) Petroleum and Natural Gas: All prospects of development of petroleum and natural gas requiring conventional drilling are west of the Western Route. All significant finds have been well into British Columbia. In any case, the products of this industry are transported in general by pipeline and the machinery used during the important, but temporary, exploration phase are largely hauled by truck, even when rail facilities are available.

The Eastern Route will serve the oil sands of the Athabasca River where heavy permanent installations can be expected. In addition, the developers of the Athabasca oil sands believe that they could ship heavy fuel oil by rail to Pine Point for treatment of ore and also asphalt for highway construction. Thus, the Eastern Route would generate considerably more significant tonnage of freight in connection with the petroleum and natural gas industry.

(e) Mines and Minerals: Both routes will serve the known lead - zinc deposits at Pine Point. The Eastern Route will run parallel to and near to the edge of the Canadian Shield in which vast mineral finds are to be expected. It will run over the Paleozoic formation where mineralization of the type encountered at Pine Point is to be expected at depths such that



the overburden would not make mining operations uneconomic.

By contrast, any mineralization on the Western Route can be expected to be buried so deeply as to be commercially unrecoverable. From a mining point of view the Eastern Route can therefore be expected to generate by far the greater amount of tonnage both in the near future and in the distant future. This is a much more important factor in terms of railway tonnage than agriculture, fishing or forestry.

(f) Benefit to Population: The Western Route will go through an area which now has a population considerably greater than that of the Eastern Route. Again, this must be kept in proper perspective because the numbers in both cases are very small. The greatest benefit will be to the population north of the end of either route.

The Western Route will serve a comparatively small population north of Grimshaw which is now there primarily because the area is suitable for farming. The Eastern Route will serve an even smaller population in the area north of Waterways but will also bring improved transportation to Uranium City and Fort Smith.

In addition, the Eastern Route is excellently situated as a jumping off point for additional development roads to Uranium City, to Fort Reliance,



to the southeast shore of Great Slave Lake and, eventually, an all year road to Yellowknife and further north which would not be effected by the lack of a bridge across the Mackenzie at Fort Providence.

(g) General Benefit to the North: It can be seen from a map of Western Canada that the Eastern Route would be approximately midway between the existing Mackenzie Highway and a proposed highway from North of Prince Albert to the Eastern end of Lake Athabasca. By contrast, the Western Route would closely parallel an existing highway and would also be partly parallelling and comparatively close to the Alaska Highway as well as various suggested railroad facilities to be built in Northern British Columbia.

It is clear from the above summary that the various factors favour the Eastern Route on all counts except agriculture, which cannot weight heavily in the support of a railroad. The City of Edmonton, the Edmonton Chamber of Commerce and the Calgary Chamber of Commerce therefore respectfully submit that the Eastern Route should be chosen for the greatest benefit to the greatest number of Canadians.

THE CHAIRMAN: Thank you very much. Now, tomorrow morning we will go over this exhibit, 52 (ooo).

We will adjourn now until 10 o'clock tomorrow morning.

--- Adjournment.



ROYAL COMMISSION

ON

GREAT SLAVE LAKE RAILWAY

HEARINGS

HELD AT

EDMONTON, ALBERTA

VOLUME No.: 21

DATE:

Oct. 21/19

OFFICIAL REPORTERS

ANGUS, STONEHOUSE & CO, LTD.

372 BAY STREET
TORONTO

EM. 4-7383

EM. 4-5865



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

ROYAL COMMISSION ON
THE GREAT SLAVE LAKE RAILWAY

Hearings of the Royal Commission
on the Great Slave Lake Railway
held at the Court House, Edmonton,
Alberta, at 10.00 a.m., October
21st, 1959.

PRESENT:

MR. M. E. MANNING	Chairman
MR. WALTER D. GAINER	Member
MR. JOHN ANDERSON-THOMSON	Member

MR. FRANCIS M. FEEHAN	Counsel
MR. A. PATERSON	Secretary



THE CHAIRMAN: Gentlemen, before we hear any evidence, I would like to congratulate my colleague Dr. Gainer on his new academic honour that I read about in the newspaper last night. True to his characteristic modesty, he didn't tell me anything about it, and I am sure you are all pleased to know that the dignity of our proceedings is considerably enhanced.

MR. BALDWIN: Might I add my congratulations, Mr. Chairman, to Dr. Gainer. I think it is an honour well-rewarded, and I am quite certain that the knowledge that has been acquired by Dr. Gainer during the course of these proceedings will, of course, serve him very well in the new role which he will be called upon to play.

MR. BISHOP: I should like to add, sir, my heartiest congratulations. I can only add that I think that the remarkable insight to the many-sided problems shown by Dr. Gainer during this past month certainly indicates his worthiness to receive this doctorate of philosophy.

MR. FEEHAN: I wonder if I might add my voice to that same thing.

MR. BISHOP: Now, Mr. Chairman, Mr. Grimble has a word of explanation on some of the pages on that table.

THE CHAIRMAN: Before you go into that, Mr. Bishop, may I ask you about the copies of the material that Mr. Grimble has given us in the last



couple of days, whatever he has given us of his material.
Are copies available for Mr. Fouks and Mr. Baldwin?

MR. BISHOP: The copies have not yet been provided, but copies will be available.

THE CHAIRMAN: What about this statement we are dealing with now? Is there a copy for Mr. Baldwin?

MR. BISHOP: It is being typed right now.
As a matter of fact, that is what I was referring to, that Mr. Grimble wished to speak about.

THE CHAIRMAN: What about the other exhibits?

MR. BISHOP: I think that could be all done this morning.

THE CHAIRMAN: That can be done this morning.

MR. BISHOP: Yes.

THE CHAIRMAN: Will the exhibit itself be made available to Mr. Baldwin while Mr. Grimble speaks to it?

MR. BISHOP: Yes.

MR. BALDWIN: Thank you.

MR. BISHOP: If we could get all the exhibits back that have been submitted in the last two days, I thought that could be being reproduced in the next hour or two.

THE CHAIRMAN: Before we forget about this, I think Mr. Gordon has a little information.

MR. GORDON: I had a lot of notes in here of mileages which I wished to check, and yours is amongst them, sir. I have it here, but I am not sure



on which one you wanted.

THE CHAIRMAN: Well, there is Grimshaw to Vancouver by the present rail route.

MR. GORDON: Grimshaw to Vancouver via the present rail route would be 1,099 miles, sir.

THE CHAIRMAN: How is that?

MR. GORDON: That would be via Edmonton.

THE CHAIRMAN: What would be going down the P.G.E.?

MR. GORDON: Grimshaw to Dawson Creek would be 292.1, plus Dawson Creek to Vancouver of 720.2; that would be 1012.3 miles.

THE CHAIRMAN: How far do you say it is from Edmonton to Vancouver?

MR. GORDON: 765 miles, sir. 764.9, I think, to be correct.

THE CHAIRMAN: And Fort St. John to Vancouver?

MR. GORDON: Fort St. John to Vancouver - -

THE CHAIRMAN: Is 725.

MR. GORDON: To North Vancouver it is 727.8, by P.G.E. mileages.

COMMISSIONER THOMSON: Did you give us a figure yesterday of Dawson Creek to Prince Rupert, by any chance?

MR. GORDON: Not from Dawson Creek to Prince Rupert. I have checked some mileages. Dawson Creek to Prince George via the P.G.E. would be 254.5, and from Prince George to Prince Rupert would be 467.2



miles.

COMMISSIONER THOMSON: You mean it is a shorter distance from - it is shorter to Vancouver than it is to Grimshaw?

MR. GORDON: That is correct. That is something that an awful lot of people don't seem to realize, but by railway mileages, that is correct. Whether it would be correct by airline mileage I am not prepared to say; I haven't checked it.

While I am on my feet, sir, I have made one or two other comparisons since we adjourned yesterday evening which might be of interest to the Commission and which I would like to put on record now.

Yesterday when I was discussing mileages, of course, I had not taken into consideration anything except presently-existing railways and the proposed extension to Great Slave Lake. However, last night, after discussion on the probable mileage of the cut-off from Hines Creek to Fort St. John, on which Mr. Grimble figured there would be a mileage of approximately 150 miles, I made this compilation.

From Pine Point via Hines Creek to Prince Rupert would be 1357.2 miles. Comparing that to the shortest route to Vancouver via the eastern route, the through mileage to Vancouver via Waterways and Edmonton would be 1464.6. So taking the through rates to seaboard by the shortest route to seaboard by Prince Rupert moving north and Vancouver moving the



other way is 107.4 miles in favour of the western route. I would like to make, if I may, sir, some comment upon this, since it has been suggested to this Commission that the advantage of these mileages, the shorter mileage, is primarily for an export movement. To achieve that shorter mileage, it would be necessary to construct, using the western route as against the eastern route, an additional 35 miles of extension, plus 150 miles on the proposed cut-off from Hines Creek, making a total of 185 miles of new construction in order to save 107.4 miles of haul. In looking at that figure I tried to arrive at what commodities originating in the Great Slave Lake area and contingent to the western route would be likely to move for export. There are three main commodities which will be produced in that area. The first is wheat. What advantage would the additional shorter mileage be to wheat? The Crow's Nest tariffs, in quoting rates to the Pacific Coast points, equalize the rates to Vancouver, Victoria, New Westminster and Prince Rupert. That is, the rates from all these prairie points to all coast points are equal, so from a freight rate point of view it would be no advantage to a grain movement moving to either Prince Rupert or to any of the other coastal points via the cut-off across from Hines Creek.



The next item which came to my attention was lumber. It would mean something considerably better than a 1000-mile inland rail haul to get the lumber from that area to the Pacific coast. Prince Rupert and Vancouver are both large lumber shipping ports and ship mainly lumber which is produced in an area close to those ports. I submit that lumber produced in Northern Alberta would not be competitive at the Pacific coast for export against the British Columbia coast or the Oregon-Washington coast lumber. It is simply a case of straight economics. They would have a fairly expensive rail haul and I do not think it would be competitive.

That leads to one other major item which would be moved to seaboard for export, and that is ores and concentrates. At the present time the only known ores and concentrates which are available for movement are those which will be produced at Pine Point. I have been unable to locate any definite evidence that those ores and concentrates would be exported. In fact, the evidence would seem to indicate that they are going to Consolidated Mining and Smelting Company at their Tadanac or their Trail smelters. In assessing the value of this export business moving via Hines Creek cutoff and Fort St. John as against the movement via the eastern route to these points the question is, is this expenditure necessary to build 185 miles of



additional construction of railway? Is that warranted in order to save a hypothetical 107 miles of haul of traffic which presently is not available? I would estimate that the cost of that 185 miles would not be less than \$25 million, and I submit that the expenditure would not be warranted in the rail savings that could be effected.

I think in order to keep this matter of export in its proper perspective we must look at that situation.

There is one other point: rates for export are usually built by the railways on an entirely different process than rates for domestic or continental North American movement. The Board of Transport Commissioners has ruled time and time again that there is no comparison between an export rate and what they call a domestic rate. That also includes rates to the United States and Mexico. They are built on a different basis, are published to serve a different purpose, and I would say from my experience that mileage in an export rate is not the controlling factor. That is to be considered, true, but what is more important is the competition that is to be met in foreign markets from sources other than Canadian.

In setting the rates the railways give that consideration their prime interest. They quote rates to enable Canadian exporters to compete in world



markets and those rates very, very often have little relation to mileage when compared with domestic rates. It is my opinion that if there was an export market that the 107 miles' saving would not be significant in quoting an export rate. It would be very significant in quoting a domestic rate but not in quoting on an export rate by the railways.

In my opinion, and in the opinion of the Edmonton Chamber of Commerce, the City of Edmonton and the Calgary Chamber of Commerce, the expenditure necessary to build that 185 miles of railway would not be warranted by the savings which it could effect.

THE CHAIRMAN: Mr. Gordon, the 185 is made up of the 150 between Hines Creek ---

MR. GORDON: And the additional 35 miles over the eastern route.

COMMISSIONER THOMSON: You used the expression "hypothetical traffic" which is not available. What are you referring to there?

MR. GORDON: I was referring to ores and concentrates. There is some suggestion that ores and concentrates would move that way but the only ores and concentrates that we know presently to be available for a freight movement are those from the Pine Point mine. The evidence of the Consolidated Mining and Smelting Company and the Pine Point Mines Limited would indicate those ores and concentrates are going to Trail and not for export. Therefore,



any export ore has yet to be discovered in quantity in that area, so any movement for export at the present time is purely hypothetical.

COMMISSIONER THOMSON: Well, has your brief not been largely dealing with hypothetical traffic? Do you not say there was hypothetical ore -- I use that expression -- east of Fort Smith and part of your argument dealt with hypothetical ore?

MR. GORDON: Well, possibly I should say "possible".

COMMISSIONER THOMSON: The point is you should not build railways for that type of ore?

MR. GORDON: Not unless there is something there to warrant building a railway. I would not suggest building a railway out into nowhere if there was absolutely no traffic available, but we feel on the basis of our estimates, and what has been given before this Commission, that there is a considerable amount of traffic available in the North at the present time.

As a matter of fact, I made a compilation on the number of cars which I anticipate would move on the basis of the tonnages which we have discussed before this Commission. There would be 61 cars per week of ores and concentrates out of Pine Point mines, based on the average loading per car for Canada. That is approximately almost two full trainloads of ore per week. An ore train, I checked with the Canadian



National Railways, and their ore trains out of Lynn Lake approximate 35 cars per train, or 70 cars for two trains. We have 61 cars available out of Pine Point.

COMMISSIONER GAINER: Mr. Gordon, I think this is something we would be interested in. I believe this is in contradiction to some extent of the previous evidence in terms of the number of cars that some had expected to come out of Pine Point per week, on the basis of 215,000 tons a year. You have made this calculation according to what figures?

MR. GORDON: I have made this calculation according to the average carloadings of lead-zinc ores and concentrates as published by the Board of Transport Commissioners in their 1958 Waybill Analysis, which shows that the average load per car in tons of ores and concentrates of that nature would be 68 tons. That amount divided into 215,000 tons gives 3,162 cars per year. To divide that again by 52 will give you 61 cars per week. Now, that is estimating, of course, that it is a steady year-round production and an equal number of cars are produced.

COMMISSIONER GAINER: That was 62?

MR. GORDON: Sixty-one cars per week.

THE CHAIRMAN: Could we have a few minutes adjournment now?

---Short recess.

MR. GORDON: Just before adjournment I was



almost through with my remarks. I was saying that the thing which has to be done at this time is to balance the savings on what is at present -- I will use the words "very indefinite" movement of ores and concentrates for export by the construction of the west route and the Hines Creek cutoff against what we can calculate as the known savings by construction of the eastern route on concentrates, which we are reasonably assured will go to the Consolidated Mining and Smelting at Trail-Tadanec. We were discussing carloadings.

My figures on these carloadings were taken from evidence which has ~~been~~ put forward by Mr. Grimble as to our estimates of tonnage. They are based on these estimates and on average carloadings according to the Board of Transport Commissioners 1958 figures for all Canada.

COMMISSIONER GAINER: And that is for lead-zinc concentrates?

MR. GORDON: Yes, and any other commodities, and using the same formula, they arrive at my number of cars. There are not many of them: lumber, which we have put in evidence, we anticipate a movement of 20,000 tons; the average load per car in tons is 31 tons, which would make a total of 645 cars per year, or 12 cars per week. We estimate 2,000 tons of fish in the year, one thousand from Peace Point and one thousand from Pine Point, via the eastern route. The average carloading is 18 tons, which would make



one car per week from each point. There is a possible movement of plywood logs in the amount of 13,000 tons, with an average carloading of 35 tons per car, or a total of 371 cars per year, or 7 cars per week.

If the gypsum deposits were developed, and, of course, just at the present time this is not definite, but it is a possibility, and there would be approximately 50,000 tons of gypsum per year, with an average carloading of 66 tons per car, 758 for the year, or 14 cars per week. That is the southbound movement alone, which is about 97, approximately 97 cars per week if we include the gypsum, or 83 if we do not.

COMMISSIONER GAINER: Could I just recapitulate? On the total tonnages you have assumed 215,000 tons of ore?

MR. GORDON: Yes.

COMMISSIONER GAINER: Per year?

MR. GORDON: Twenty thousand tons of lumber: one thousand of fish from Peace Point and one thousand from Pine Point. For plywood logs, 13,000 tons; gypsum, 50,000 tons. Now, as I say, the gypsum is not a definite movement and the plywood logs, I would say, also are in the possible category, but very probable. That is all southbound traffic. Generally speaking, there is a rather large list of northbound traffic and if you wish me to go through it in detail I can.

THE CHAIRMAN: Would you mind going over it



again? Ore, 215,000; lumber, 31 ---

MR. GORDON: Lumber, 20,000; fish, a total of 2,000.

THE CHAIRMAN: One thousand from each of two points?

MR. GORDON: Yes.

THE CHAIRMAN: Plywood, 13,000?

MR. GORDON: Yes, and gypsum, 50,000. The northbound traffic, exclusive of Lake Athabasca, consists of general freight, petroleum products, steel balls and mining supplies. The general freight has an average load per car of 28,000 tons; the petroleum products, 20 tons; steel balls, an average loading of 45 tons. The carloadings are as follows: General freight from Pine Point annually, 250; weekly, 5. Petroleum products to Pine Point ---

COMMISSIONER GAINER: I am sorry, I am lost again. General freight?

MR. GORDON: General freight to Pine Point---

THE CHAIRMAN: Would you mind starting off again because I am lost. Would you mind pausing for a moment after each item so we can write it down?

MR. GORDON: This is the southbound movement exclusive of Lake Athabasca traffic.

THE CHAIRMAN: You mean northbound movement?

MR. GORDON: Yes, exclusive of Lake Athabasca winter traffic -- summer traffic, rather -- which



I am giving at the present time. If it would assist the Commission I would be glad to arrange to have this tabulated and typed in sufficient copies that you will have it. I did not intend to submit these figures, but in discussing this other problem I wanted to show the number of tons of ore which were available and the possible movement, and this came up. I will continue and give them to you now. I have the same figures based on our compilation of the eastern route traffic also available, but it will require to be retyped.

THE CHAIRMAN: Is this not the eastern traffic you are giving us?

MR. GORDON: The western traffic I meant to say. If it would assist the Commission I would be glad to have a list typed out with the number of cars annually and weekly.

THE CHAIRMAN: I think we would like to have that.

MR. GORDON: I think possibly I can have that for you at two o'clock this afternoon.

Possibly while we are on it at the present time I might give you the bulk comparison of the two routes. The total estimated weekly traffic on the eastern route would be a total of 12,835 cars per year or an average of 247 cars per week. That is divided fairly equally between northbound and southbound traffic, exclusive of traffic for Lake Athabasca summer haul. We have 97 cars southbound,



85 cars northbound, and there would be 65 cars per week of Lake Athabasca traffic if they moved via the eastern route.

For the Grimshaw route I estimate a total of 75 cars southbound and 72 cars northbound, or a total of 147 cars per week.

THE CHAIRMAN: What is the average number of cars per freight train?

MR. GORDON: That depends a lot on commodities and the tonnage, because a freight train is governed by the tonnage that the locomotive is capable of hauling and by the grades that are in the route. For instance, on handling ores and concentrates from Pine Point via the eastern ---

THE CHAIRMAN: I think we understand that.

MR. GORDON: Just an illustration.

THE CHAIRMAN: I do not think we need an illustration; we understand it.

Can you tell us about the number, from what to what it might range?

MR. GORDON: On ores and concentrates approximately 35 cars per train. On general freight I would say possibly a maximum of 50 cars per train over that type of country.

THE CHAIRMAN: So the freight cars per train range from 35 to 50?

MR. GORDON: Yes, I would say 50 would be the maximum to be handled over a track. There are



many factors to be considered.

COMMISSIONER THOMSON: The average tonnage of a train would be what, roughly? Thirty thousand tons?

MR. GORDON: I am not just too sure.

COMMISSIONER THOMSON: It does not go that way?

MR. GORDON: Yes, it goes by the gross ton weight of the entire train including the equipment. I think Mr. Grimble has some evidence on that.

COMMISSIONER THOMSON: If you say 35 cars of ore, 68 tons, suppose you say 70 tons -- it would be between 20 and 25 thousand tons, which would be a train irrespective of whether it was made up of paper or furniture?

MR. GORDON: No, there is another factor you have to take into consideration, the weight of the particular type of equipment hauling that. A modern ore car is a very heavy piece of equipment, much heavier than a tank or box or gondola car, and that all has to be taken into consideration. It is pretty difficult to estimate and I have not the figures at the present time.



I did question the C.N.R. about their movement of ore out of Lynn Lake, because this was one of the big movements that they had, and they said about 35 cars out of Lynn Lake.

COMMISSIONER GAINER: Were they moving several trains a week, do you know off-hand?

MR. GORDON: I couldn't tell you.

COMMISSIONER GAINER: But it appears that it is most economic to ship in about that size of train.

MR. GORDON: Yes. There are many factors, the size and the ballast and the weight of train, which have to be taken into consideration, including the train which you can take over any given track.

I believe Mr. Grimble has some figures on these tonnages which could be handled.

MR. GRIMBLE: These are just in round figures. For a 1-diesel unit on a one per cent compensated grade, they would pull 2,600 tons.

COMMISSIONER GAINER: That is gross.

MR. GRIMBLE: That is gross, including cars and everything else.

COMMISSIONER GAINER: When you say a 1-diesel unit, the American manufacturers make them standard.

MR. GRIMBLE: I think they are standardized pretty well, and they just double up. Specially on the Canadian system they have a standard unit.



If they double them and put two diesel units on they move 1,340 tons on a 2 per cent grade. I have these figures for a specific purpose, and that is why I have it this way.

COMMISSIONER GAINER: Two units, 2 per cent grade, 1,340 tons.

MR. GRIMBLE: Yes, sir.

MR. GORDON: I think, sir, that is all I have to say this morning. I did not intend to introduce those tonnage figures, but they got in by the back door. I was primarily interested in this proposed Hines Creek cut-off.

Just to conclude, I would say that consideration must be given as to whether or not the people of Canada can afford to spend the amount of money required to build 185 miles of track in order to save a possible 107 miles of haul, and there has been no evidence put in at the present time to show that that traffic is even available now.

I think with that, sir, I conclude my remarks.

MR. BISHOP: Mr. Chairman, I am almost thinking out loud here, but apropos something Mr. Gainer said a few moments ago about the current discrepancy about the number of trains per week or the number of cars per train, I think that goes back to a question put to Mr. Cooper of the N.A.R., and I think the question at the time was concerned with how much a diesel or how much a complex of diesels could carry,



and I think he indicated then that a group of four diesels could haul or would be able to haul a train approximately double the size that we have been considering here, or at least that we have been discussing in the last few minutes, and I think most of the testimony on the length of train or number of trains per week was based on results worked out as we went along in this Court Room, starting on that figure. But I don't think that Mr. Cooper indicated that that was necessarily the most economic way to bring out the ore.

COMMISSIONER GAINER: I think you are right; it was where the discussion cropped up, although, as I remember his evidence, it was that from an operating point of view I think it was suggested that they would prefer to operate on a large train basis rather than hook-on five or six cars to an existing train; in other words, that they would rather operate once a week on a large train basis than - -

MR. BISHOP: I would rather imagine, sir, that that would call for what Mr. Grimble is always referring to as a detailed study of the tonnages at the various places along the route. So it may be possible to have one train once a week, even though if there was no other tonnage except the Pine Point ore it may conceivably be economic to haul it out every two weeks or, for that matter, once every month, if that is physically possible.



MR. CHAIRMAN: Mr. Grimble is still having certain pages of that table re-typed and they are expected - -

MR. GRIMBLE: I have a few things to deal with in the meantime - unless Mr. Baldwin has something to say.

MR. BALDWIN: The only thing - it is a very small item - Mr. Gordon said something about fish coming out of Pine Point. I was wondering if that envisages a truck haul to Hay River or a rail connection to Ile du Mort. I did hear this suggestion that there would be a haul out of Pine Point.

MR. GRIMBLE: It is not a big point, but our thought was that, since the largest part of the fishing is in the east part of the lake, if the settlement occurred there, then the fishing industry would probably shift to Pine Point and they would move their operations - it is just a part of their production - and it would be from this new settlement which would grow as a settlement at Pine Point. It is not a large item; we just put it in to illustrate a point.

THE CHAIRMAN: Mr. Baldwin, you are not going to be here tomorrow.

MR. BALDWIN: No, I am sorry, I have to be in Calgary tomorrow.

THE CHAIRMAN: You have some material that you would like to give us.

MR. BALDWIN: Probably about an hour.



THE CHAIRMAN: If we started with you this afternoon, that would be convenient?

MR. BALDWIN: Yes, it would be indeed. I have a lot of catching up to do. I will try to catch up as far as I can, so anything I may say this afternoon may include what has transpired since I was here last.

MR. GRIMBLE: I had in mind discussing one or two other points leading up to the schedule, and we hope that the retyped schedule will be here in the next five or ten minutes.

THE CHAIRMAN: Suppose we go on with them now until you run out of material.

MR. GRIMBLE: Yes, sir.

I have a map here which may be of interest.

THE CHAIRMAN: What is the next exhibit, Mr. Paterson?

MR. PATERSON: 52 (ppp).

--- EXHIBIT NO. 52 (ppp): Map.

MR. GRIMBLE: In the summary of our brief we refer to the fact that the character through which the western route traversed was too far east to be in the oil-bearing areas which are now being discovered in British Columbia, and, as I mentioned, it is too far west to be of interest to the mining industry over in the Pre-Cambrian. To illustrate this, we blocked out from the Oil and Gas Conserva-



tion Board this area which is District 14 and District 15 and totalled up in the four years from the records available the total number of oil and gas wells drilled and abandoned. This amounts to 145 oil and gas wells drilled and abandoned. I think there is one that has a minor gas prospect in that area.

THE CHAIRMAN: Did Shell Oil discover something recently?

MR. GRIMBLE: Shell Oil had a discovery in the Clear Hills area south of this area and near Warsley. Shell has a discovery, and there is another wildcat oil well going in there this week, but not in these districts we have blocked out, 14 and 15.

THE CHAIRMAN: Are you suggesting that the number of dry holes which have been drilled in that area is supposed to indicate that it is not an important area for oil and gas prospects?

MR. GRIMBLE: It would indicate that the percentage of failures is considerably higher than anywhere else.

THE CHAIRMAN: Have you compared the percentage figures there with any other places?

MR. GRIMBLE: This is nearly 200 per cent failures in this district, and I don't think there is any other place where there is 200 per cent failure.

THE CHAIRMAN: Should you not also include the prices that are paid by the major oil companies for Crown lands in that area?



MR. GRIMBLE: Yes, sir.

THE CHAIRMAN: Which gives an indication of oil value which the specialists give to the area.

MR. GRIMBLE: Yes. I intended to do that and also work out what the Tar Sands position is, but I didn't have time to finish it.

THE CHAIRMAN: Do you question the evidence that we have had from Dr. Hume?

MR. GRIMBLE: This is in complete agreement with what he did say. We showed him this drilling program, and he was in agreement that they hadn't found anything in that area.

THE CHAIRMAN: Yes, he agrees with the fact, but I don't know that his interpretation is the same.

MR. GRIMBLE: He did say that the attractive area was in this area here; he did talk about the granite dome, and there was oil in it which shows up in these findings; but nothing he said contradicted anything I have shown here.

THE CHAIRMAN: Didn't he suggest that the northwest part of Alberta was a pretty interesting area from the point of view of prospects?

MR. GRIMBLE: I only can go from what he said. We showed him these figures and he agreed that this was the case.

THE CHAIRMAN: You mean what he agreed with you on was the number of dry holes?

MR. GRIMBLE: Yes, this was the case, that



they had drilled these holes and they hadn't found anything yet; and he did say right at the intersection of the two boundaries here was promising, and in any of his discussion I didn't hear too much discussion about this area marked out by 14 and 15. He did refer to the granite dome, but I didn't hear anything that applied to this particular district.

COMMISSIONER THOMSON: Would you say, then, that that is not a favourable area to look for oil?

MR. GRIMBLE: No. They have drilled 145 wells and they didn't find it.

COMMISSIONER THOMSON: What inference do you want us to draw?

MR. GRIMBLE: You can make your own, sir. Oil is where you find it, I guess, and I wouldn't want to guess it.

COMMISSIONER THOMSON: If that is the case, why do you say it? What do you try to infer?

MR. GRIMBLE: I was just contributing some information which you might be interested in.

THE CHAIRMAN: You started by saying, Mr. Grimble, that the railway was too far east to be in the oil area.

MR. GRIMBLE: It is too far east to be in the oil-bearing area; that is where the discoveries are now.

THE CHAIRMAN: Were you not giving us these facts to support that?



MR. GRIMBLE: Yes.

THE CHAIRMAN: You are not going to give us evidence which you think is irrelevant, are you?

MR. GRIMBLE: No, sir.

THE CHAIRMAN: Is Mr. Thomson's question not a fair one - what inference do you want us to draw from it?

MR. GRIMBLE: I could sum it up by saying that in all the drilling they have done in this area they have not had any success.

THE CHAIRMAN: And you want us to infer from that that the area doesn't look too interesting from the point of view of finding oil.

MR. GRIMBLE: I would hesitate to make that statement.

THE CHAIRMAN: If you don't want us to draw that inference, then all you have been doing is giving us testimony which is completely irrelevant.

MR. GRIMBLE: No. All I said was that you might be interested in this information.

THE CHAIRMAN: Why we would be interested in it? You have considered the evidence for some time; we have only considered it for a couple of minutes. Now, you are an engineer, and neither Dr. Gainer nor myself are. Why do you think we would be interested? If there is no reason for us being interested, we might escape something that is important.



MR. GRIMBLE: If we had the time we could have taken ~~this~~ area and plotted it against other areas and made a comparison. It is quite a big subject, and I don't feel qualified to go into it in detail, and I didn't have time.

THE CHAIRMAN: You don't think we are qualified, do you?

MR. GRIMBLE: No, sir. This is information I thought you might want to expand on which we gathered and I thought you might be interested in it. That is all, sir. We gathered it and we put it into a form which we could present. We didn't intend to draw any conclusions. We were not going to make a big inference from this, but we were presenting this information, and you people could expand it on your own or deal with it as you saw fit. I am not indicating that this is a poor area for oil and gas; all I am saying is that this information shows that these drillings have been made and the results.

COMMISSIONER THOMSON: What I was trying to find out is just what bearing - I am not interested in good locations for oil or anything like that. What has it got to do with the railroad? You may have stated it, but I may have missed it. What has it got to do with the present railroad?

MR. GRIMBLE: Not a great deal. Dr. Hume stated the railway is not of any great value to the oil and gas industry.



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

2601

THE CHAIRMAN: He did not say that the railway would not be of any value to the oil and gas industry.

MR. GRIMBLE: We had best read the transcript. I think he said that the oil and gas industry is best developed by highways and the production is best shipped by pipeline.



THE CHAIRMAN: Yes, he certainly said it was not of a great deal of value, but he did not say it was of no value at all. Now, you are an engineer and we expect you to give a fair interpretation of another engineer's evidence, because you heard it all.

MR. GRIMBLE: This was my interpretation.

THE CHAIRMAN: That it is of no value at all?

MR. GRIMBLE: It would be best to read the transcript.

MR. BISHOP: I think he left the inference that certainly -- I do not think anybody, certainly not Dr. Hume, would say it was of no value.

THE CHAIRMAN: Mr. Grimble has just said that.

MR. GRIMBLE: It is a matter of degree. If we could use his very words, I think that would be best.

THE CHAIRMAN: I cannot see any degree in the question of no value -- that is none.

MR. GRIMBLE: I am sorry, I did not mean that, but I think we should use his very words rather than use mine.

THE CHAIRMAN: Well, how careful must we be about expressions you are using when you say "no value", and you now say you did not mean that? How many other expressions of that type are there that you did not mean?

MR. GRIMBLE: I thought I was quoting his



words, and I would rather use his very words than have a play on words here. Could we get the transcript?

THE CHAIRMAN: Yes, let us have a look at it.

COMMISSIONER THOMSON: Well, was the inference that we should not put a railroad over to that side, to the west, because that was an unfavourable area? Was that the inference there? That is about the only thing I can see. You present a map with an area blocked out to the west which you say is not too interesting; shall we put it that way? Therefore, we should not put a railroad to that side. Is that the inference we were supposed to gather more or less?

MR. GRIMBLE: Actually there is not any one single thing which caused us to say this, but it is one factor in many.

COMMISSIONER THOMSON: Do you not think there is an analogy between that and certain arguments we have heard up to now that you should not put a railroad to the east because there is a section on the east of the Pre-Cambrian where nothing has been discovered? Is there not an analogy between the two arguments? It seems to me there is. You say there is an area out here where nothing has been found, but we must not discount it. You say there is an area over here and nothing has been found on it, but we must not discount it. What must or must not we discount? Does the argument



work differently from one side of Alberta to the other?

MR. BISHOP: May I speak to that, Mr. Chairman?

I think the analogy is certainly there between the two sides. I think the area we have blocked out on this map is shown as a less favourable oil and gas area because there have been one hundred and some wells drilled which turned out to be dry, whereas in the area further west there have been producing wells found. I think, too, something that was not mentioned, but just look at it as an element, if we are looking at the map again -- I should not be usurping functions of Dr. Hume, but the oil and gas finds appear to be in a very definite trend. This is a very similar point to our point about the Pre-Cambrian Shield further over. As a matter of fact it is parallel even in a geographic sense, and the area in question does not appear to be in the generally most favourable trend.

Now, we do not claim that that area is in any sense disproven. I think any of us who have had any experience with the oil business are aware of very many areas that were prospected by drilling, and were deemed to be unfavourable, which later turned out to be interesting oil pools, but I think the analogy between that and the eastern route argument on the Pre-Cambrian Shield breaks down when we consider what it is we are hoping to find in the



two areas. On the western route we are dealing with what we feel is a very small item comparatively in the question of the economics of a railway. I do not feel that Dr. Hume said that the railway would be of no use, but I think he indicated that the presence of a railway would not be in any sense an important factor, an important item for the oil and gas business along the western route.

We are attempting to show that even against that background the oil and gas area which would be tributary to the western route is the kind of area that is in itself not nearly as favourable or at the present time appears to be not nearly as favourable as some other areas. If that turns out to be wrong, if a large oil field were discovered in that area, it still would not, we feel, contribute greatly having regard to the overall picture, to the economics of a railway up that side. Whereas, the prospecting, the searching in the Pre-Cambrian area to the east -- again, a considerable amount has been done according to the evidence. We think it is probably true of both types of prospecting, but in recent years we have been told there are much more scientific and effective methods of prospecting areas which cannot be reached easily by canoe or on foot, or which are covered by overburden. Therefore, there is still reason to believe our analogy still holds that there are considerable possibilities, and if those possibilities



are realized they create products which are tremendously important to the railway.

I do not feel that we have the same situation on both sides with the same plus and minus figures. I appreciate the basic analogy. It is true that the oil and gas on the western route is in the general plains area, which from eastern Texas up to Field Plateau in the Yukon is on an overall picture favourable to oil and gas discoveries in the same sense that we say the northeast corner of Alberta is in the Pre-Cambrian Shield, which all over Canada has been favourable to mineral production, mineral discoveries.

But as I say, the analogy changes because even giving, which we do not necessarily admit exactly, the same odds on mineral finds, we find in one case mineral and the other case oil and gas. The results of those odds to a railway are so much different in one case than the other that the comparison is not valid.

THE CHAIRMAN: Mr. Bishop, for my part the only reason for this apparent difficulty has come from the fact that first of all Mr. Grimble showed us a map on which he has printed something about 145 dry holes in an area. We asked him what the significance of this was and he says to draw our own inferences. I think as an engineer it is up to him. Surely he considered this before he submitted it, and we want to know what he did do. If



there is some relevance we want to know what it is, and if there is no relevance let us not mark the exhibit.

Secondly, we are getting Dr. Hume's evidence and Mr. Grimble says Dr. Hume has said that the railway by the west route will contribute nothing whatever to the oil industry. Now, those are two statements that leave quite a little difficulty in my mind. That is not my interpretation of what Dr. Hume said, whatever. He did point out that highways are just as useful as railways and oil, unlike mining commodities, come out by pipe line rather than rail. He said also there are sometimes substantial industries of interest to a railway and the railway is of some interest the same as a highway, but that is "no value" by any means.

MR. GRIMBLE: Actually it is a play on words. I am afraid by my attitude I seemed to be impertinent, but I did not mean to be.

THE CHAIRMAN: There is no question of impertinence at all, but you are suggesting something that I wanted to be correct on. I am interested in one engineer giving us an interpretation of another engineer's evidence. Now, did Dr. Hume say "none at all"?

MR. GRIMBLE: I would like to read it.

THE CHAIRMAN: Well, let us go back to his brief.

MR. GRIMBLE: I have his evidence here.

He summarizes it by saying:



"If rail transportation was available through any area there is no doubt in the early stages of exploration and drilling this would provide the means by which drilling equipment, casing and other supplies could be handled to facilitate development from the nearest rail point.

"The Chairman: Any more easily than if it was a road?

"Mr. Hume: Not necessarily so. I think over long distances it might come by rail, simply because there are facilities for making pipe in Alberta; but previously the casing coming into Alberta came from other sources than in Alberta and hence came by rail.

"However, in the later stages of development and during most of the production stages after the fields are delineated, there will be little revenue to a railroad except from centres of population built because of the need to service the fields. This will be relatively insignificant."

Then on another page he says:

"In giving consideration to any extension of the rail facilities in northern Alberta, it would seem, therefore, that oil and gas developments are not a primary concern."

That does not mean "no", it means not a primary concern. Then he says:



"The Chairman: And in speaking of how the railway would encourage oil and gas development, would a railway from Grimshaw north add much in view of the fact that there is already a highway up there now?

"Mr. Hume: No, sir, I don't believe it would.

"The Chairman: The value of the railway along that route in regard to oil and gas is in connection with the industrial development which might follow.

"Mr. Hume: Yes, the by-products.

"The Chairman: The development of the by-products."

I am sorry if I misinterpreted that. I did not mean to say it would be of no value, categorically no. I am sorry, but I did not mean to infer that.

THE CHAIRMAN: Now, with regard to that, you say there are 145 dry holes and I think Dr. Hume said a number of those were stratigraphic tests.

MR. GRIMBLE: Yes.

THE CHAIRMAN: So it is not 145 exploratory efforts all of which have failed, and they are not all entirely dry wells. Have there not been some pretty interesting showings of oil and gas in that area?



MR. GRIMBLE: They are all abandoned. There is one gas find at Steen River, but that is the only find I know of of any consequence.

THE CHAIRMAN: There was some oil found not far from the Mackenzie highway, was there not, two or three years ago? This is very close to the northern boundary of Alberta, and as I understand it there was a very nice find of oil that could have been a commercial well if it had been closer ---

MR. GRIMBLE: I am sorry, I should have studied this more thoroughly. I am not qualified to speak on that.

THE CHAIRMAN: Have there not been some interesting prices paid, very substantial prices paid, for Crown lands that have been offered for sale in that area you have blocked out?

MR. GRIMBLE: I have the lease map but I have not had time to work out the prices yet.

THE CHAIRMAN: Would you mind looking at Dr. Hume's evidence again, on which my recollection is that Dr. Hume said that area might not be quite as interesting as the area further west, because the sedimentary basin is deeper as you go further west, but it is still a good area for prospects of finding oil and gas in commercial quantities. He also said while the prospects are not too good there are definite prospects of finding gas within one hundred miles of Pine Point, gas which could be used



to develop power at Pine Point?

MR. GRIMBLE: I will review that, sir.

I was not really prepared to talk on this, but we had to wait and I thought I would fill in.

THE CHAIRMAN: You see, when you as an engineer submit some evidence to us, and facts, we take them seriously.

MR. GRIMBLE: These are facts, sir.

THE CHAIRMAN: Yes, but you do not know what their significance is. What you are doing is misleading us.

MR. GRIMBLE: Not intentionally. I introduced my remarks by saying ---

THE CHAIRMAN: If we are misled it is just as serious whatever your motive may have been. Looking at that map with that statement of 145 dry holes you led us to the conclusion that is just a hopelessly bad ground.

MR. GRIMBLE: I think I prefaced my remarks by saying it is only a matter of interest, it is factual information, but a matter of interest. I did not intend to draw any inference. In fact, I would not have brought it up but our office ---

THE CHAIRMAN: We had a few minutes to kill?

MR. GRIMBLE: Yes.

THE CHAIRMAN: I think we will adjourn now until 1.30.

---Adjournment.



--- On resuming at 2 p.m.

MR. BISHOP: Mr. Chairman, everybody is catching planes today; Mr. Grimble has to catch a plane at 3.30 and Mr. Baldwin has to get a plane at ten past six, and, with the concurrence or subject to the concurrence of the Commission, Mr. Baldwin and I have agreed that, if satisfactory to you, Mr. Grimble could go ahead now, but he wouldn't go past three o'clock, so that if Mr. Baldwin could start and be sure to be finished before 4.30 so that he was sure to catch his plane to get down to Calgary. Would that be satisfactory to the Commission?

THE CHAIRMAN: The one thing that concerns me is that we may take a little more time with Mr. Baldwin than we anticipate. You won't be back, Mr. Baldwin?

MR. BALDWIN: No; unless, of course, on Thursday and Friday I will be away definitely all next week, I have commitments, and I am planning to leave for the east afterwards.

COMMISSIONER GAINER: How late could you go this afternoon and still feel sure of catching the plane?

MR. BALDWIN: I just got off the train and came here. I imagine if I got away from here by quarter to five I think I could do all the things I have to do and still be at the airport at quarter past



six.

MR. BISHOP: We could proceed on Friday,
Mr. Chairman.

THE CHAIRMAN: I wonder if that might not be
the thing to do, because we will not finish your material
today, Mr. Grimble.

MR. GRIMBLE: Not if we go into it thoroughly.
I could be back Friday. I had planned to be away on
Friday, but I could change my plans and come back Fri-
day.

THE CHAIRMAN: What about Monday?

MR. GRIMBLE: Monday would be better for me.

THE CHAIRMAN: We are going to have to
adjourn tomorrow for part of the day, perhaps all day,
and part of Friday, too, so perhaps we will have to
adjourn from today until Monday, and if we fail to
complete what you have to say, Mr. Baldwin, that means
we would have to adjourn for a week.

MR. BALDWIN: Yes. The Commission might
be entirely through with the oral submissions and you
might be engaged in the next step, and it may be in-
convenient to you. So I would say that outside of
today I could only safely feel that one day in the
week following the next would be the thing to do.

MR. BISHOP: It will be quite satisfactory
if Mr. Baldwin were to start now and adjourn until
Monday with whatever Mr. Grimble hasn't finished, or
Friday, as far as that goes.



THE CHAIRMAN: We think we would like to hear Mr. Baldwin now, if you gentlemen don't mind, and then we will adjourn until next Monday. When we do adjourn until Monday we will adjourn until 1 o'clock on Monday afternoon. Dr. Gainer is engaged in lectures on Monday morning, so we will sit at 1 o'clock in the afternoon and fairly well on in the afternoon.

Well, Mr. Baldwin, can we hear from you now?

MR. BALDWIN: Yes, Mr. Chairman. Before I start, may I say that I haven't got a written submission to supplement what I said previously. This will have to be extemporaneous. I have some notes which I will try to follow and try to deal with in an orderly way as well as I can. What I have to say is in rebuttal, but I think I indicated at Peace River that there were one or two matters which I might be able to pursue further in the light of information I got here.

Before I launch into that, there were one or two matters came up this morning, and while these may be discussed by myself later, I believe I would be safest to deal with them now.

I think there was some question Mr. Gordon raised about the type of traffic that would be picked up and taken west in the light of possible connection between the P.G.E. and Fort St. John and the N.A.R at Hines Creek. I think Mr. Gordon made a statement that there were 185 miles of railroad at the expense of the people of Canada. I suppose all railroads



are at the expense of the people of Canada.

THE CHAIRMAN: 150 miles, between Hines Creek, and then he said there were another 35 miles extra distance.

MR. BALDWIN: If he meant that as a generalization in that any means of communication is, in the final analysis, paid by the people of Canada, I wouldn't quarrel with that, but I would point out that the Premier of British Columbia made a definite commitment - I believe it was referred to by Mr. Fouks here - that if the railroad did come down the west route the P.G.E. would be extended by the British Columbia Government to the British Columbia border. So that may have some bearing on it. I offer it in the light of information stated.

THE CHAIRMAN: How much would that shorten the distance between Hines Creek and Fort St. John, Mr. Baldwin, do you know?

MR. BALDWIN: Do you mean how much would have to be constructed?

THE CHAIRMAN: Yes.

MR. BALDWIN: I would think that the road from Hines Creek - I would think that the distance from Hines Creek to the British Columbia border, in the straight line, might be in the order of 85 miles. I think that is a little longer than it needs to be, but I am giving that as a round figure.

THE CHAIRMAN: Do you agree with that, Mr. Grimble?



MR. GRIMBLE: Yes. It is 80 miles to the border by highway.

THE CHAIRMAN: Is that the way the railway would go?

MR. GRIMBLE: It would probably go right in close proximity to the railroad, yes.

MR. BALDWIN: If the railroad went north along here it may be even less than that. There have been no surveys ever made. I don't know enough about the topography. When I made that comment I was being very safe so far as I was concerned.

THE CHAIRMAN: The Beaton River Valley is in British Columbia.

MR. GRIMBLE: Yes. The border is half the distance. As far as the railway is concerned, the border is probably halfway in the 150 miles, very roughly.

MR. BALDWIN: Then in that regard, before I left yesterday, I was talking to Mr. Grim. I haven't the time and the facilities to go around as the Edmonton Chamber has so admirably done and obtained the information which I am sure will be of interest to the Commission, but Mr. Grim is in the livestock and meat business to a very large extent; I think he has a butcher shop at Manning, one at Hay River and another some place else, and he has been a livestock buyer on a large scale for a very considerable period, and he said that today he is trucking all his



livestock to Dawson Creek and then to be shipped by the P.G.E. to Vancouver. I wish I had more time to get rates from him and particulars, but I just happened to see him on the street for a few minutes before I was getting ready to catch the train, and he said he discovered that that was the best and economic way to handle his shipping. If there was a rail connection - he buys largely between Grimshaw and the Fort Vermilion area, and if there was a rail connection, I would judge - I am only going by inference - that it would be even more attractive to ship from the area in which he purchases his livestock.

THE CHAIRMAN: Is that necessarily so, Mr. Baldwin? The rail route from Grimshaw round Dawson Creek is a pretty long one.

MR. BALDWIN: Yes, but I envisaged a straight connection.

THE CHAIRMAN: If that connection were not made - -

MR. BALDWIN: I assume he would continue to truck to Dawson Creek. I don't think there is any doubt about that.

THE CHAIRMAN: Would there be any saving between the rail route across there over the present truck routes?

MR. BALDWIN: Of course, that is something I can't answer. I won't pretend to answer it. I only raised the issue because of the comment made by



Mr. Gordon this morning that he could see no other traffic in sight but this wheat, and he ruled out lumber in that it is taking coals to Newcastle to take it to the coast. But I did want to say that that is not necessarily so. I think it was Mr. Fouks who told the Commission the other day that six or eight cars of hogs alone were shipped from Hines Creek to Vancouver by the long route to Edmonton and then around one of the main lines.

Now, you might say that an indirect effect of the west route being adopted would be the connection, the speed-up of the connection between Fort St. John and Hines Creek, that that gap would be bridged, and then, of course, the livestock in that area, which is a constantly-growing area, could go directly to Fort St. John, could be loaded at Warsley or Eureka River, whichever was more suitable. He said he had just phoned Wyler Williams, and it was six or eight car loads.

THE CHAIRMAN: Six or eight car loads are going from Hines Creek to Vancouver?

MR. BALDWIN: Yes, Vancouver, but that means a long trip from Hines Creek down to Edmonton and back out to the coast, whereas a direct link which I suggest, according to the statements made, might follow if the west route were followed would offer in Hines Creek and Fairview area perhaps an alternative market at a cheaper rate.

THE CHAIRMAN: Is it six or eight car loads



now from Hines Creek via Edmonton to Vancouver.

MR. BALDWIN: Yes.

THE CHAIRMAN: It is not the number of car loads that go from Fort St. John to Vancouver?

MR. BALDWIN: No, that is another matter. There is already a connection there which wouldn't enter into it. These are given out of text. I might well have thought about it as I went through my supplementary submission.

COMMISSIONER GAINER: Before you go on, Mr. Baldwin, do you happen to know what route he uses in trucking to get to Dawson Creek?

MR. BALDWIN: I should think he would cross at Dunvegan. There is a fairly good cut-off from Spirit River through the Blueberry Mountain, and I think that is the route he would probably take.

I think the only other point I could deal with here, which was discussed this morning, was this question of the gas and oil, and I fully concur and subscribe to the sentiments expressed by Dr. Hume, but I think it should be on the record that there is, in connection with the map which Mr. Grimble submitted this morning, something which should be borne in mind, and that is that there has been a public announcement recently that there has been a considerable amount of interest shown by the taking out of leases, and I think the figure I heard over the radio was something over a million and a quarter



dollars paid by the oil companies

to the federal government in connection with petroleum and natural gas concessions, some 30 or 40 miles north of the junction of the British Columbia territorial and Alberta boundaries.

MR. BISHOP: Sir, if I may interrupt, at noon we obtained a copy of the publication of October, 1959, which covers the material Mr. Baldwin has just referred to.

THE CHAIRMAN: There have been several sales.

MR. BALDWIN: Yes. This came over the radio two days ago, Mr. Bishop.

THE CHAIRMAN: Do you want to have this marked as an exhibit, Mr. Bishop?

MR. BISHOP: Not particularly, Mr. Chairman. We are not disputing this point at all.

MR. BALDWIN: And in addition, in making some inquiries with the Forestry Department in Peace River, I am told by them - this is second-hand, hearsay evidence - that there is at least one and, I think, two companies presently engaged in a very intensive measure of activity on both sides of the Peace River, particularly on the east side of the Peace River, north probably of where the Notikewin River enters into the Peace and some considerable distance to the north of that.



THE CHAIRMAN: Where does the Notikenin River come in?

MR. BALDWIN: A little north of Manning. I think that simply bears out what Dr. Hume said when he laid a pencil down from the red earth area into the Slave Point.

THE CHAIRMAN: The Forestry Department says one or two companies, oil or lumber.

MR. BALDWIN: Oil companies. They are concerned because the question of access roads and the question of exploration parties in the forest are something of which they must take note. I think what Dr. Hume said, and I will venture to paraphrase him, was that if you drew a line from Slave Point to the red earth area and progressed to the west, as you get further west your possibilities would become better. He definitely indicated the further east you went the less likelihood there was, but the areas I have mentioned lie within that particular geographical point. I can add this to Dr. Hume's point, that if there are significant gas discoveries which might require treating, it might be that the by-products, if marketable -- and he qualified that by saying the question of markets was quite relevant -- then a railroad under such conditions would be of consequence and importance. That is the way I got his evidence.

He agreed so far as exploration is concerned --



he said that the highways would generally be quite as effective as a railroad, but the possibility did exist that if there were significant gas discoveries the by-products for which the market was available, then a railroad would become important.

I think somewhere in his evidence he linked that up -- it may have been Mr. Bonner -- but one of them linked it up to proceed with the P.G.E. construction that was linked up in some fashion with the sulphur plant in Taylor Flats.

Now, I would like to take exception -- I believe I did it when I started -- but what I think is a completely incorrect interpretation which the Edmonton and Calgary Chambers of Commerce have placed on the Terms of Reference. Perhaps I need not say this, but I think it may become important. On page 3 of the Edmonton Chamber of Commerce brief there appears this statement:

"The Terms of Reference require the Commission to determine which of these two routes will contribute most to the development of that portion of the Northwest Territories tributary to Great Slave Lake."

Then that is illustrated by the map which faces that page. I submit that if it had been the intention of the federal government to have asked this Commission to do so they would have said so in particular words, but they did not. They said this Commission



has been set up:

" . . . to inquire into and report upon the respective merits of the alternative routes which might be followed by a railway line to be built from northern Alberta into the southern portion---" and I emphasize "southern":

" --- of the District of Mackenzie, Northwest Territories, for the purpose of providing access to and contributing to the development of that portion of the Territories tributary to Great Slave Lake."

I can only repeat what I said before. Perhaps I did not particularize it at Peace River, but with all due respect to Mr. Bishop and Mr. Grimble and the Edmonton Chamber, your duties as just as set out in plain English, to inquire into and report upon the respective merits of the alternative routes.

Now, once a railway, and this is a point that has been accepted and established for many years, once a railroad has been built, either into the south shore of Great Slave Lake or into Fort Providence, which is in the same general area, that is a railroad which we can accept as having the qualifications set out in the latter part of the Reference. Namely, it provides access to, and contributes to, the development of that portion of the Territories. I think that is the only purpose of including it. That is descriptive of the railroad, in connection with the merits of which you are to inquire -- in connection



with the railroad as to the various routes into which you are to inquire. If, as is suggested in the Edmonton brief, you were to:

" . . . determine which of these two routes will contribute most to the development of that portion of the Northwest Territories tributary to Great Slave Lake,"

that would have been said. It would have been put in the Commission, but it was not.

THE CHAIRMAN: Do you think it is fair to say this, that in determining the merits of the alternative proposed routes, one of the things we should consider is what has been referred to in paragraph 2 on page 3 of the brief?

MR. BALDWIN: Yes.

THE CHAIRMAN: But we are not to deal exclusively --- ?

MR. BALDWIN: That is exactly the point.

THE CHAIRMAN: I did not read the Edmonton brief as meaning -- as perhaps you did -- that we should deal exclusively with that question.

MR. BALDWIN: Well, not exclusively, but primarily, because the last paragraph on page 3 says this:

"Thus the benefits to the areas contiguous to the southerly originating points of the two routes are secondary to the development of the District of Mackenzie ---"



I must take exception to that statement, and I do that, particularly having in mind the history which surrounds this very controversy. I think it is to some extent mentioned in my original brief that a railroad -- the Speech from the Throne in May, 1958, indicated that the federal government was contemplating and intended to consider a railroad into that particular area. Nothing was said as to route. Subsequent to that this controversy developed as to which route should be followed. Then this Commission was appointed and I think we can hold that as self-evident that it was not necessarily to settle a controversy but to settle, to some extent at least, as to what are the facts with regard to these two alternative routes. If it had not been for the controversy then this Commission would not exist. The controversy arose because there was an argument as to which route was to be followed.

I would therefore suggest with all respect that the basis under which the Edmonton Chamber of Commerce requires the Commission to make their considerations is entirely -- well, it cannot be reconciled with what in fact the government has asked you to do. I think it has this probable connotation, and as I read the Edmonton brief they go purely -- not purely, but very largely -- into economics which are important and cannot be ignored. But, they are not the entire issue. If this railroad



were to depend on pure economics there would be no railroad; if pure economics had dictated the building of the Canadian Pacific Railway there would have been no railroad. I think more factors come into this than that, and for that reason I take exception to that view of the Edmonton Chamber.

COMMISSIONER GAINER: Which part of the statement are you objecting to particularly, Mr. Baldwin? The fact that the contiguous area should be secondary or that ---

MR. BALDWIN: That is one statement.

COMMISSIONER GAINER: And in so far as they contribute tonnage?

MR. BALDWIN: No, I would not take exception -- so far as it contributes tonnage is one aspect to consider, but not the sole aspect. There are a lot of other aspects.

If the government had wanted this Commission to say from an economic point of view which of these two railroads would be best for Canada, I think they would have said so.

COMMISSIONER GAINER: But you do not think the consideration of the areas contiguous to the southerly originating points of the two routes are secondary?

MR. BALDWIN: No, I do not. I do not think they are of secondary concern. I think it is because of the controversy which arose as to which of



these two routes should be adopted that this Commission is now in session, and we are sitting here today.

COMMISSIONER GAINER: You do not think if a north route was important to the development of the southerly portion that this would have been included in the southern portion?

MR. BALDWIN: I would take it this way, that the word "route" is exclusive. It means from the southern termini, one of the proposed southern progressing to the norther, and the word "route" must include anything along that route, what are the merits of that entire route, and you have to start from Grimshaw and go to Ile du Mort or Fort Providence on one side and Fort McMurray on the other, and you cannot exclude either part of it. Equal consideration must be given to the southern half of the route as well as to the northern half.

I think my Latin is not too good, but the mention of the one is the exclusion of the other. If they had intended to they would have excluded, they would have said which of these two routes might well lead to the better development of the Northwest Territories.

COMMISSIONER GAINER: This was really my question: it was the development beyond the Northwest Territories that was mentioned in the Terms of Reference and not, for instance, any other area.

MR. BALDWIN: Yes, but my point then is this,



and I think possibly we are thinking alike, that it must be explored that the railroad is going to lead to the development of the Northwest Territories in any event. Only a very small portion of this railroad is in the Northwest Territories. Where it is going to end there is not a great deal of controversy. There may be as to where the branch lines might well go, but as a matter of fact a great deal of the evidence advanced on behalf of the Edmonton Chamber and the railways to some extent deal with factors that might flow -- people living in the Province of Saskatchewan, which I do not think was under contemplation at this particular time when the reference was made up. I say this is my view, with respect, that you define -- a railroad is going to be built, and if you are going to have a Commission to inquire where is the best place to build that railroad you must define it as a railroad going from a point in northern Alberta to operate into the southern portion of the District of Mackenzie, Northwest Territories. Then you go on to say what the purpose of the railroad is, to provide access to and contribute to the development of the Territories.

Agreed you must accept that is the primary purpose of the railroad, but that is accepted; we are not quibbling about that. The primary purpose is to develop the Northwest Territories. A controversy then arose as to which way you build it, and



this Commission is established to consider the merits of both routes and not necessarily tied up to the -- certainly, not even primarily, tied up to the route which would best develop the District of Mackenzie, Northwest Territories. I think if that had been intended it would have been said.

Which of these routes will best develop the District of Mackenzie in the Northwest Territories? I hope I am not being too legalistic about this, but quite a lot depends on it.

COMMISSIONER GAINER: I want to be clear about your position.

MR. BALDWIN: That is my position. I am drawing on my knowledge of what transpired in the House of Commons, statements made about the controversy.

COMMISSIONER GAINER: Your position is it does not matter whether one terminus contributes more to the development of the Northwest Territories than another, but that is not what is at issue at all, but what might happen in between?

MR. BALDWIN: Yes, those are the limits within which this Commission functions.

THE CHAIRMAN: Mr. Baldwin, as I understand your position, and you can tell me if I understand you correctly, you are saying that the government has in effect said that if this railway is to be built, or may be built, from northern Alberta into the southern



portion of the District of Mackenzie, the purpose of that railway is to provide access to, and contribute to, the development of that portion of the Territories tributary to Great Slave Lake?

MR. BALDWIN: Yes.

THE CHAIRMAN: They describe the proposed railway in that way?

MR. BALDWIN: Yes.

THE CHAIRMAN: Then they say that we three men are to inquire into and report upon the respective merits of the alternative routes which that railway may follow?

MR. BALDWIN: Yes.

THE CHAIRMAN: And in inquiring into the merits we do not consider one part of it any more than we do another?

MR. BALDWIN: No, except I think, of course, as a railway once enters into the Northwest Territories then the territory contiguous to the railroad as it enters the Northwest Territories, that is one of the routes, and you consider that. You have placed your finger on what my statement is, and I am reinforcing that by the fact that -- a controversy has arisen as to which of those two routes should be followed.

Now, some time ago in Peace River -- and this is, I think, of merit; what I am going to refer to is one of the merits to my mind, and I think to



that extent I might say it is one of the most substantial merits to be considered -- members of the Commission, and I think particularly the Chairman, was interested in knowing and I think you did question one witness quite extensively as to what in fact had been said, had been done, had been promised to induce people, on which people could found the assumption that they could go into the area north of Grimshaw in the belief that a railroad would in due course be built there. I think there was one witness, I believe Mr. Jason, who was an officer of one of the Farmers' Union locals, and I think the Chairman questioned him fairly extensively as to that.

I know the feeling that persists there, and I know some of the opinions. I would have liked to have been able to call a number of witnesses to that, but what I did do, I publicized that and obtained a number of letters, and I want to read them. I will file them all and read one or two, if I may, on the understanding that the letters can be made available to me later so I may use them at another place at another time. There are one or two I would like to read which bear on this. These letters are very brief.

Here is a letter from Mr. Knut Nordstram.
It says:

"In the spring of 1915. The Grand
Trunk almost completed hard to find work any



place a number of railroaders decided to go homesteading. They inquired at the land office at Edmonton and they were advised to go to the Peace River country and take up land. A railroad is under construction and the land is good.

"This group of settlers started to Peace River to locate land. In Peace River they were told that the best of the land had been settled along the proposed railroad to the west, but heard rumors of some wonderful land to the north along the Fort Vermillion pack trail.

"Two of the party Gus and John Peterson left Peace River crossing for Battle River a distance of 70 miles packing supply including food, blankets, tools and a rifle a pack of over one hundred pounds each.

"When they came north to Little Prairie where North Star is now located, they found the most wonderful land they had ever seen. The land was not yet surveyed but they did some mapping and measuring, squatted on land built a shack, packed logs a mile and a half on their backs.

"They then returned to Peace River crossing registered their land at the land office. Rumors of a railroad, good land and the pioneering spirit brought a few more settlers in on the



fall of 1915 including Andy Clauson now living in North Star, the last one of the very first settlers. In 1916, 1917, 1918 the land in Deadwood North Star and Notikwan district was surveyed.

"In 1917 an announcement was made that a railroad would be built as far north as Fort Vermilion. A survey party was working as far north as Battle River surveying the railroad. Following this announcement a number of settlers was moving into the north. The people of this district cut out the wagon road and made temporary bridges and made it possible for team and wagon to travel. It was done in the early twenties, all voluntary work.

"During the next few years not much activities, the possibility of a railroad faded until the late twenties when new promises of a railroad brought settlers in from all over the American continent and Europe. The north country is now a big farming district.

"We have been promised and we have been waiting for this railroad for over forty years.

"With the railroad in the making and the Federal Government's decision to subsidize a railroad to the north. It would be heart-breaking for this district and the people of this district if any other route is chosen."



Here is a letter with only four lines:

"I homesteaded the SW 10-86-23-W5 over 30 years ago. I filed in this country on the strength of a newspaper report, which stated a charter had been granted for a railroad from Grimshaw to Fort Vermilion.

"I am still waiting."

There are a number of them here, and I will pass them up and file them.

THE CHAIRMAN: You have a letter from Homar Johnson?

MR. BALDWIN: No, I have a letter on other matters, and Mr. Johnson stayed here in the hope that the progress of the Commission might be such as to give evidence, but he told me ---



MR. BALDWIN: I couldn't tell you that, sir. He stayed here these two days and then he had to go to Calgary. I think that was the time there was an interruption in the proceedings. But I can give you the statement, and I am sure Mr. Johnson will be only too glad to corroborate it, that in 1922 a ground survey was made between Grimshaw and Peace River for a distance of 70 miles, which brings it to approximately the Meikle River.

THE CHAIRMAN: How far is that from - is that west of Fort Vermilion?

MR. BALDWIN: No, that is High Level. It covers the very best of the agricultural area; that is now very extensively farmed. This is the Meikle River. As a matter of fact, this was the end of forward progress in the north as far as roads were concerned until the Mackenzie Highway. I asked Mr. Johnson, and he said it would be about there.

THE CHAIRMAN: That was the most northerly point where the road system reached until the Mackenzie Highway was built?

MR. GRIMBLE: Yes. I will put it this way: the most forward northerly portion of connecting roads. There were roads in the Keg River area; there are some trails around there, and there were a number of ungraded roads in the Fort Vermilion District. As a matter of fact, on my first trip into Fort Vermilion in 1930 I went by team and horse



into the La Crete area, what we used to call around here Prairie Trail. As far as a connecting series of road links was concerned - I believe the Mackenzie Highway was started in 1949 - the Meikle River formed the Northern boundary. There were a lot of people north of there, but it came in and out by boat, by possibly dog team. The elevator was built down the river and the grain was sacked and delivered down the river to Peace River Town from Taylor Flats.

THE CHAIRMAN: How long is it since the grain has ceased to come into the town of Peace River?

MR. BALDWIN: I think possibly Dawson Creek would be 1931. There would then be a haul about 50 miles to Peace River and then from the Fort St. John area, and I think at that time it was brought into Dawson Creek. That would be, I think, around - I believe in 1921 there was some grain delivered by boat from the Taylor Flats area. I wouldn't be positive about that.

THE CHAIRMAN: Mr. Baldwin, when we were in Peace River we heard a great deal of evidence about the advantages of a railroad north of Grimshaw to the people engaged in agriculture in the area north of there, and at that time we were just beginning our sittings. We have heard a great deal more evidence since, and we are more familiar with the problem there. I wonder if you would be good enough to review for us the advantages a railroad would have to those people.



MR. BALDWIN: Would it be all right - I can tell you them now. I am coming to that in a particular stage in my submission later. I am perfectly prepared to go ahead now, but I wanted to finish these things in series.

THE CHAIRMAN: Any way you like, as long as you don't overlook it.

MR. BALDWIN: Yes, certainly.

Now, you have those letters, and I think it is significant to read them. I should add that a year and a half ago, when this matter was at its worst, I think I had about 2,500 letters from people in the area, and of those that came from Alberta, I would say a good half of them came from people who had gone in there on the understanding, they said, that a railroad was going to be built. I think they are a cross-section of the number I was sent, and, as a matter of fact, anything that was sent was sent to the Prime Minister and Ministers concerned, and they are filed there.

In order to show the continuity of what I would call this undertaking, I refer you to the 1929 Statute. When the Alberta Railway Company was formed by the marriage of the C.P.R. and C.N.R., it was done by federal statute. It was followed by a considerable and protracted series of negotiations between the Province of Alberta and the two railway companies and the federal government. I was up there at the time and I recall the wishes of the people



in that country were that there should be a firm undertaking given as to the construction of this railway to the north and also one to the Pacific Coast, but that was not done, and at that time there was a commitment by the new corporation to construct some 86 miles of new line, and there was also a franchise given to it to build the Pacific Coast outlet and the railway from Grimshaw north, and that railroad follows almost precisely the route which we suggest be followed by this present railway.

THE CHAIRMAN: Can we see those citations?

MR. BALDWIN: I believe they may be in the brief. I did give it to you before, but I didn't enlarge on it. But it is 1929 - I will tell you where it is, Mr. Chairman. I filed that speech I made in Hansard, and it is in there. Actually the Statute itself is not very extensive, but it exhibits as a schedule the agreement.

THE CHAIRMAN: Would you get it out, Mr. Feehan?

MR. FEEHAN: Yes, sir.

MR. BALDWIN: You will recall a supplementary brief Mr. Brownley filed in which he, with respect, gave certain information that the Commission asked for, but said that, in his opinion, one very strong feature which recommended the adoption of the western route was that promises and undertakings, implied and otherwise, were given to the people who



had settled north of Grimshaw. There was a man who was Premier at that time who sat in all these negotiations in Ottawa, and who, I think, had a large part to play in this transaction, and such a statement, I submit, is one deserving very great consideration.

The United Grain Growers, I believe, are probably the only organization which filed a brief which had no immediate or future anticipation of any gain whatsoever of any kind. I think they said it would mean that they would probably have to build some additional elevators, but he filed a submission which he said was his particular knowledge on it.

COMMISSIONER GAINER: Mr. Baldwin, I am having a little trouble fitting in dates here, but my impression was that the last time I was up in Notikewin, probably the early forties, settlement didn't extend very much beyond - certainly not more than 90 miles, say, north of Grimshaw; that is extensive settlement, farming, and so on. What proportion of that whole area north of Grimshaw would consist of settlers who have gone in there long since the promises you have referred to in 1917 and 1928, for instance? Is it not correct to say that a large proportion of the settlement in there has gone in since 1939, north of Grimshaw?

MR. BALDWIN: No, I wouldn't think so.

COMMISSIONER GAINER: North of Notikewin.

MR. BALDWIN: North of Notikewin, with



this qualification, that there was along the banks of the Peace River about the year 1933 or 1934 or 1935 a large number of Mennonites came along and squatted there; in other words, they just went on the Crown lands without any permission to use it. Now, I couldn't tell you anything about the numbers. I know that I have made boat trips along this river on my own boat on several occasions and I have seen their camps there in the middle of the thirties.

COMMISSIONER GAINER: Did that have anything to do with the railway prospect?

MR. BALDWIN: I couldn't say. I would say, with my knowledge of the people, that they probably went up there because there was not a railroad.

COMMISSIONER GAINER: There has been settlement taken place in recent years.

MR. BALDWIN: I think there is a point there in connection with provincial government policy which is inextricably bound up in it.

COMMISSIONER GAINER: I am speaking of any substantial numbers.

MR. BALDWIN: I can tell you this, that in 1930, 1931 and 1932 it would be safe to go down to the banks of the Peace River any day and you would see barges and rafts and Noah's Arks, all kinds of crafts, which were loaded with chickens and cows. Actually I believe this is a fair statement to make, that they waited for nine or ten years until the war



came and a lot of land which they originally filed on was bought by some of the Mennonite settlers. But I know that a lot of people who I visited personally and who I have seen left between the years 1939 and - well, when I came back from overseas - and their places had been taken by others. It was a common sight to see these buggies, and so on, and it started in the summer of 1930. That was the first time I was down Fort Vermilion myself in a boat. Well, possibly when I come to agriculture, I have another aspect which - -

THE CHAIRMAN: Mr. Baldwin, how far is it from Peace River to Fort Vermilion by boat?

MR. BALDWIN: I don't know. Maybe someone has one of these little instruments which I have admired. We used to call it around 275 miles.

THE CHAIRMAN: Around 275 miles?

MR. BALDWIN: Yes.

THE CHAIRMAN: How far is it by highway?

MR. BALDWIN: I think High Level is around Mile 170. Is that right, Mr. Grumble?

MR. GRIMBLE: Yes, that is correct.

MR. BALDWIN: And about 40 odd miles, 45 miles from High Level to Fort Vermilion. About 220 miles, I would think.

THE CHAIRMAN: Only an extra 55 miles taken up by the windings of the river, possibly.

MR. BALDWIN: Yes - oh, no; there are quite a few windings at that. I know it is very



short going down and a long way coming back against the current.

THE CHAIRMAN: How fast is the current?

MR. BALDWIN: I would think down to three or four miles in the spring. Sometimes it is very fast.

I now pass to a book called "Canada's New Northwest". I believe you have had that book. That was the result of what was originally known as the North Pacific Planning Project. The United States and Canada first joined together, but ultimately the United States backed out. The date of the publication was 1947. It was a very broad and thorough treatment of what they call the Pacific Northwest, and it includes the area we are interested in. But it stretches also to the Pacific Coast. It was studied by both governments in connection with the development of that area.

I should say, by the way, that it is of interest that in the preface the authors give tributes to the various people who made contributions, and I see that they mention Major Charles. Apparently he contributed information to this body, and in this they say that Major Charles' predecessor, Mr. Hill, who had been in charge as Western Engineer of the C.N.R. for many years, was interested in this Western route and they are largely indebted to him for information received.

Now, on page 126, which deals with the



question of transportation, railroads, there is a list of ten posed railroads they think would be useful.

It is interesting to see that the first one is an extension of Hines Creek west to serve the agricultural areas in the Peace River-Clear Hills country, and the second one is:

"A branch line northward from the vicinity of Grimshaw to serve the territory on the west side of the Peace River with a possible ultimate extension down the left bank of the Peace to reach Fort Vermilion. The terrain is of a character to admit of railway construction wherever required and there are no major construction problems."

Then referring to Mr. Hill, the late Mr. E. M. M. Hill, it says at page 126:

"In connection with rail extensions to the north Mr. Hill suggested the ultimate advantage of a rail line running north from Grimshaw along the west side of the Peace River for about 200 miles. This corresponds with item number 3 of the extensions recommended above".

And then following that:

"A project to extend the Northern Alberta Railways northward from McMurray down the Athabasca and on to the outlet of Great Slave Lake was considered by a committee of engineers in 1937 and was found not to be justified by the traffic



in sight".

Of course, ~~there~~ have been changes since then, but those two statements appear there. I just simply offer that as something that is indicative of the continued trend and the published intent and belief - this comes from notes provided by a railroad engineer - of the necessity and advisability and feasibility of building this railroad from Grimshaw north.

Now, for what it is worth, in 1934 I had a letter myself from the then Prime Minister of Canada, Mr. Bennett. There was a wharf in the estimates of Peace River and the wharf had been taken off for some reason or other, and there was indicated that this was a project that the government was then interested in.

THE CHAIRMAN: Was this a public letter?

MR. BALDWIN: It was a letter to me.

THE CHAIRMAN: It was not confidential.

MR. BALDWIN: No. We were discussing matters in connection with the wharf, and I wrote something about it and then this letter came back.

Now, in 1955 we come to the brief filed by Mr. Robertson, R. G. Robertson, who at this time filed a brief taking rather an opposite view.



I would point this out, that this was a firm indication. I think if you read that brief and look at the map -- there is a map which appears in the brief which was filed to the Gordon Commission. Unfortunately, while I filed a copy of the brief I took the map out, and if it is of interest there is a map on page 21 -- you have not got that brief, Mr. Robertson's brief to the Gordon Commission -- thank you. I think there is a map in it which definitely shows-- yes, the one I filed does not show it, but it definitely shows the rail link starting at Grimshaw.

THE CHAIRMAN: This brief Mr. Robertson filed?

MR. BALDWIN: Yes. I filed a brief but this map is not in it.

THE CHAIRMAN: What are you giving me now?

MR. BALDWIN: I am not giving it to you, I borrowed it from Mr. Grimble, but I wanted to show you that this map did exist.

THE CHAIRMAN: Can you get us a copy of that map?

MR. BALDWIN: I will get one from Ottawa and send it to you.

THE CHAIRMAN: And point out that it is to be attached to the brief that you filed.

MR. BALDWIN: Yes, I will do that.

COMMISSIONER GAINER: This is in line with the submission earlier in the same brief, mentioning



Grimshaw as a possibility. Is not your point that this is ---

MR. BALDWIN: Was the only ---

COMMISSIONER GAINER: Was the southern terminus they happened to be thinking of, or at least mentioned?

MR. BALDWIN: What I am getting at is, I am trying to develop a pattern, starting back in 1916 or 1917, and going through to 1955, a pattern whereby it is plainly established that any time a railway going into the Great Slave Lake country has been talked of it has been a railway from Grimshaw.

COMMISSIONER GAINER: You do not happen to remember about the Waterways controversy?

MR. BALDWIN: The only time I have found anything on the Waterways route -- perhaps I have not been looking as hard as I should -- the only mention I have been able to find is the comment that the team of engineers considered in 1937, and came to the conclusion there was not enough traffic. I might say that statement was carried on without apparently any dissent in this book of 1947 of Dr. Camsell's. This book is quite comprehensive, it dealt with the Pre-Cambrian Shield, the forest potential in Wood Buffalo Park, and so on. The only thing which was not in existence in 1947, and now is, is the development along the north side of Lake Athabasca. I think in 1947 Yellowknife had been established for some eight or ten years and there



was probably some extensive development and exploration in the area which has been referred to between Slave Lake and Lake Athabasca. I think it is of some significance that when this McMurray route is mentioned it refers, in 1947, to "Canada's New Northwest", and the team of engineers who considered this project came to the conclusion it was not justified. Nobody in this book takes exception to that statement. Of course, that was twelve years ago.

I do not know how much evidence this is but to carry this forward another two years, I have a map put out by the Department of Immigration. I do not know whether this is to lure settlers to the Peace River country or not, but I think the year is 1957 -- there is no date on it, but there is a picture in the front that shows a meeting of the Commonwealth prime ministers and it shows Mr. Diefenbaker, so it must have been subsequent to June 10, 1957. That is the only inference I can derive from it.

In the map it shows one hundred new resources which will help Canada's prospects -- this is in both English and French. It lists ten projects and project 19 -- here is the Pine Point area in here and it says the base metal development at Pine Point -- 300-mile link to Grimshaw, Alberta. As far as up to 1957 is concerned -- perhaps the Department of Immigration had not been put in on any change in thinking, but up to that time, in any event, the



government publications in statements made -- I put in evidence in Peace River statements made by railway officials, by government officials, indicated that there had been a continuous acceptance of the route to Great Slave Lake from Grimshaw. That has stood for over forty years, and my submission would be -- and of course it is my own viewpoint -- to change or disturb any arrangement should require very strong proof beyond any reasonable doubt that any change from that expressed opinion year after year, that there should be the strongest possible proof to assure that the change should be made.

THE CHAIRMAN: Are you going to file that last one?

MR. BALDWIN: Yes, I will file this. I am sorry I cannot file "Canada's New Northwest," but I obtained that from someone in Peace River. However, it is easily available.

THE CHAIRMAN: Who is that published by?

MR. BALDWIN: It is a federal government publication. On the back it says "Edward Cloutier, King's Printer."

Here is the situation: the Northern Alberta Railway, in Chapter 48 of the Statutes of Canada for 1929, Schedule B, is an agreement between the officials of the two railway companies, and is apparently an undertaking by the new Northern Alberta Railway Company, and included in their undertaking is



Section 11(c):

"The company may lay out, construct, maintain and operate, --

"(c) an extension of the main line of the Central Canada railway ---"

In the same paragraph:

"Also a branch line from a point at or near Grimshaw in a generally northerly direction to a point that will when surveyed approximate to a point in Township 111, Range 19 or 20, west of the 5th principal meridian, thence in a generally northerly direction approximately parrallel to the Hay River to the northern boundary of the said province."

COMMISSIONER THOMSON: That puts you on the correction line which is east of Hay River?

MR. BALDWIN: Somewhere in this vicinity.

COMMISSIONER THOMSON: I think this map will show it.

MR. BALDWIN: Yes, 111 and 19 or 20. It also goes on to say:

". . . thence in a generally northerly direction approximately parallel to the Hay River to the northern boundary of the said province."

THE CHAIRMAN: The undertaking did not include it?

MR. BALDWIN: No, the undertaking was to build. They limited this to sixty or eighty miles,



and this was a franchise. My point is at any time the railway was discussing going into that general area it has always been discussed going into the Grimshaw area.

MR. FEEHAN: For your own benefit you should hear the undertaking; at least I think it should be mentioned -- the undertaking for the two lines to build an additional 60 miles.

THE CHAIRMAN: You think it is relevant?

MR. FEEHAN: Yes, I think so. This is Section 8 of Schedule A:

"The purchasers shall also within five years construct and put into operation not less than 60 miles of additional branch lines and extensions of the Edmonton, Dunvegan and British Columbia and Central Canada Railways in the Peace River district."

THE CHAIRMAN: That undertaking was complied with?

MR. BALDWIN: I think they went a few miles beyond, not too much, but I think they did go a few miles beyond in that undertaking. Now some question has arisen with respect to population. This is a minor point but I think we ought to have the air cleared on that.

Before I go on I should have added this last exhibit. I filed the map and I would say that was a 1957 map. That is the first time, outside of



the one I have mentioned, there has been a reference to a railway from McMurray to Uranium City. That is in Exhibit 52-RRR, so when you are looking at it you will find that there is reference to a line from Pine Point to Grimshaw and that is a surveyed line -- one is being surveyed and they must have been referring to Major Charles out on the road at that time. The other reference is to a suggested railway line from McMurray to Uranium City. I thought I had better mention that.

MR. BISHOP: If I might just speak to the general accuracy of that publication. It refers to a planned railway line of 125 miles from Waterways to the mining area on Lake Athabasca, but as we have seen from testimony over the weeks it would take a railway of two or three times that to go from Waterways to serve any mining area in the Lake Athabasca area. We feel the publication is probably not too authoritative.

MR. BALDWIN: It is published under the information of the Department of Citizenship and Immigration. I am not saying it is entirely accurate, but I am developing this pattern year in and year out. Any time this was considered it has been linked to Grimshaw.

Now, on page 13 of the brief of the Edmonton Chamber of Commerce -- and I think ---

THE CHAIRMAN: Are you going on to population



now?

MR. BALDWIN: Population, yes. Some comparative figures are given as to population. I do not deny the accuracy of the population figures, but I do not think they give a clear picture or put the matter in perspective. The western route from Grimshaw to the Alberta boundary, that probably includes the Town of Grimshaw; is that correct?

MR. GRIMBLE: Yes.

MR. BALDWIN: So you deduct that, and you come up with 76 or 77 hundred people, which would be in the local improvement districts, commencing some miles north of Grimshaw, and which I think fairly generally would be the people affected in this area. I think these are whites; I do not think it includes natives or Metis.

For the purposes of this discussion I think the thing to consider in the light of what my first submission was, is how many people are there, what are they engaged in doing, between the two proposed points and either of the proposed termini? When we come to the eastern route the figure is given as 1,989 people. I think you have to take out the people of McMurray and Waterways, and I think the figures given in the 1956 census shown in both the MacGregor Report and the Alberta Municipal Councillor, gives the figure for local improvement district 143 as being 1,790, and local



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Baldwin

2653

improvement district 143 is all that portion of north-eastern Alberta, including the Wood Buffalo Park, which comes down the 5th meridian to some 40 or 50 miles south of Waterways.



-- I wouldn't be sure; I think it is probably here.

At any rate, it is given in the McGregor Report. It goes to the Saskatchewan boundary, and the population in that area is 879 people, which would include Chipewyan and I think if we are going to consider this mining issue as to who are going to be affected and served by this railroad, we should consider to what extent would the people of Chipewyan, who are separated from the proposed eastern route by the difficulty of going around Lake Claire, benefit by the building of the eastern route. They would to some extent, yes, but not a particular advantage. There are several small - I think every seven miles there is a railroad point. I don't know whether anybody lives there or there is any logging done there, but it does go seven miles from Waterways, and while you can take 879 people at the outside, you can then take the people at Fort Smith, I think, 1,100 people. If you put those together, I think you get a majority of 4 to 1, that is people who would be served by the western route as opposed to the eastern route. As to the people in the Lake Athabasca area, I don't know what the situation is in regard to the people there. I think at the best those who advocate the eastern route will have a very difficult time to show that the construction of a railroad along the eastern route will be of any benefit; the probability is that it will be a detriment. But my submission is that, on the evidence which



has gone in, there is the gravest doubt that the 4,000 people in the Lake Athabasca area are going to benefit to any extent by the construction of the railroad on the eastern route.

Now, I want to deal now with a matter which the Chairman raised, and that is this question of population related to the western route. The Alberta Government has a policy of land settlement, developed over the last ten or twelve years, by which they have withdrawn from settlement large areas - and I mean withdrawn from agricultural settlement - large areas north of the Meikle River, and their policy, I understand, is a two-fold one: (a) to open a new area, when the settlement to the south near civilization has been established and has been exploited, say, to its utmost, consistent with the quality of the land; and, secondly, not to open up any areas unless they feel it is economic and feasible and practical to put people into a new settlement. I think I am safe in saying that the only two areas in the last ten or twelve years have been across the Meikle River; they opened up the Hawk Hills.

THE CHAIRMAN: You say they have withdrawn large areas north of the Meikle River?

MR. BALDWIN: Yes.

THE CHAIRMAN: When was that?

MR. BALDWIN: I think that was in 1952.

I wouldn't be positive on that. I say approximately



that. At that time there was a very substantial anxiety on the part of people coming in to secure that land. Some people withdrew from a quarter section. I want to put on record the pressure that does exist.

THE CHAIRMAN: In 1952 you said that there were people at that time who wanted some of these areas reserved.

MR. BALDWIN: It was not a question of reserving; they just went in and homesteaded.

THE CHAIRMAN: The Government did withdraw large areas north of the Meikle River. When was that done?

MR. BALDWIN: I couldn't tell you when it was. It was some years before 1952.

THE CHAIRMAN: And in 1952 was some of that land made available?

MR. BALDWIN: Yes. 1952 was the first time I can recall, after they had withdrawn these lands from settlement, that a substantial block was thrown up.

THE CHAIRMAN: Do you know how much?

MR. BALDWIN: No, I couldn't tell you. There were several townships.

THE CHAIRMAN: How was it picked up?

MR. BALDWIN: I am not sure. I think they gave some preference to people in the Notikewin area or Manning area. But there were people from the outside who came in to file on some of the land that



was available, and I am told now that most of the good arable land in these blocks has been taken up.

THE CHAIRMAN: Was this in the mining area?

MR. BALDWIN: It would be 35, 40, 45 miles north of Manning.

THE CHAIRMAN: How far is Manning north of Grimshaw?

MR. BALDWIN: About 60 miles. I know that it was across the Meikle River.

Now, the next and the only other time that land was opened up that I know of was in 1956 and 1957, when some of the people in the Mennonite area or around the La Crete - they have large families, they are people who stay there, they farm the land, they have good land to farm on, and they exerted some pressure on the government. Now, the La Crete - -

THE CHAIRMAN: It is close to Fort Vermillion.

MR. BALDWIN: Yes. Might I say, referring to those people in the La Crete area, that they have all the difficulties which are inherent in the economic situation of people in the north; they have to go up to High Level and then to Fort Vermilion and then across the ferry, and it is 35 to 45 miles to the south. That is the situation in which they find themselves in regard to products coming in and out. But they have made - I won't say a success, but they have prospered to the extent where they have plants



and machinery, good houses, good buildings, and the pressure was such that the government at that time did open up one or two townships.

I think Mr. Taylor made a statement - I telephoned Mr. Wood in regard to this, he said that it was from the Department, but I think the impression is quite definitely this, that the possibility of opening up new farmland will largely be determined by the new settlements, and a railroad would definitely be of assistance; in other words, a railroad would increase the pace at which some of these areas are opened up.

COMMISSIONER GAINER: Mr. Baldwin, how would you explain the reticence, not only of the Alberta Government but others, in opening up and homesteading new areas, even soil-surveyed areas, and their land settlement policy? You recall Mr. Bonner gave testimony and he felt there should be unlimited access given to new areas for settlers if and as they wanted to go in. How would you reconcile these two?

MR. BALDWIN: Well, I wouldn't go so far as to say that there should be unlimited access; but the policy of the Alberta Government has been this, that the large majority of settlers are sent west towards Warsley and Clear Prairie because there is closer access to a railway there. I think there has to be some planning and supervision, and I think that is where I would disagree with Mr. Bonner. There has to be a planned scheme of farm settlement. I



don't think we will ever again see the days, which I saw in Peace River in 1929, 1933 and 1934, when thousands of settlers came in and went outside to the perimeter of civilization. But there lies an opportunity for a planned and a supervised settlement in these areas, where people with knowledge feel there can be some measure of success. But that will not come in the area north of Grimshaw, substantially north, without a railroad. I think those are the feelings of the provincial government. I think if they were asked the question they would say that a railway would expedite planned settlement in those areas to the north.

COMMISSIONER GAINER: You think transportation might be considered to be the limiting factor to the success of a new settlement.

MR. BALDWIN: One factor. I think, as the Department explains, the provision of social services is much more readily provided when people are living in blocks. The present planning idea is for government supervision, and I feel if they can provide roads and schools it will be in areas of blocks. I would take the population in the area from M. D. 138 and north - I think when the census is taken in the Fort Vermilion area there will be a very substantial increase in population. The indications are that the population there will be very substantially increased.



COMMISSIONER GAINER: My concern is that it has been my impression that one of the very important factors in the success of new settlements financially is the lack of sufficient capital to provide for clearing and grading, and so on, and this, I felt, was a leading concern in policies which have often been thought of in connection with new settlements. I want to become straight in my own mind as to the importance between transportation, let us say, and revenue as opposed to other factors; let's say the lack of capital resources to develop the homestead.

MR. BALDWIN: I think you are quite right, that there is a necessity in the modern establishment of agricultural development for there being something of that kind. There will have to be co-operation.

COMMISSIONER GAINER: As far as land settlement official policies are concerned, they feel that transportation services, either in the form of a highway, or, in this case, a railroad - -

MR. BALDWIN: Both.

COMMISSIONER GAINER: - - is considered a prime factor.

MR. BALDWIN: Yes, that seems to be the policy of the department. After all, if a man builds up capital for what might be a going concern - remember this, we hear a lot about cost price squeeze today. How much more is that exaggerated in the country north of Grimshaw? Every bushel of grain and livestock



coming out is penalized, and this cost price squeeze, which the farmers say is a serious problem, has been greatly magnified. The provision of transport would at least put these people there, who have struggled and succeeded in some measure, despite very serious obstacles, building up a fair economy - it would at least put them on the basis where they wouldn't be second-class citizens for the rest of their lives.

I think there is another point about it. Today we know what is happening to the cost of land throughout the United States in Canada. Surely, it seems to me, that there are people who will venture, prepared to venture and establish themselves. Where else can they go, having in mind the cost of establishment? The movement of land, the movement of farms is slowing. If we are going to have a class of people which I think this country will have to have, we will at least have to break down some of the burdens which exist. From Valleyview south there is a stretch of land about 35 miles which, prior to the establishment of that cut-off, which I don't think was opened for cultivation - although every foot of the way along that highway you see either a house or, in the distance, cultivated fields - one would say it would be an impossibility for people to go in. But they have done it, and what I am getting at is that it is by constantly straining, the desire of people to own their own land and home, and I see no other alternative but to open up areas like the Peace River and Fort Vermilion and Keg River districts.



That is the future. I have more to say so far as people who have been there for some years.

Now, I come to agriculture, which I have been on for some time.

COMMISSIONER THOMSON: Before you leave that, have you any idea -- I mean, we have been talking a lot about farmers and livestock -- have you any idea how many private businesses or trades or professions outside of farming, service stations, trucking outfits and maybe even dentists or lawyers or doctors, there would be north of Grimshaw and not including Grimshaw?

MR. BALDWIN: There are not many lawyers. Unfortunately they are very peaceful people.

Now, Manning was established as an accident. I recall Manning a few years ago and there was an RCMP station there and a hotel was there; there were two towns, Notikewin and North Star. An American gentleman came in to build an hotel with a bar or a bar with an hotel, whichever it was, and immediately there sprung up into existence in a comparatively short number of years an enterprising community with all the services which are required -- doctors, hospitals, service stations, garages and so on. I do not know what the population is, but I think it probably has varied depending on the conditions there, between 700 and 1,000 people.

North of there as you follow along the Mackenzie highway there are a large number of the



usual corner stores, but you come to the Keg River cabins and there is a fair amount of industry there. That may be because of the oil industry activity. Keg River itself is an old established place; there is a small garage and some activity there. High Level is an important place too. I think the first time I went there there was one stopping house; today there are two stopping houses with a few cabins attached. There are one or two garages and service stations, and there are at least two restaurants. The Forestry people have come in there. They have a school there also. In the last year and a half the population immediately around there has been such as to justify the establishment of a school.

I can take you to La Crete, south of Fort Vermillion, where there are two or three stores, a garage and I think a five or six-roomed school, an incipient community. They are not large, but I think the explanation lies in this fact; probably I was establishing that as a factor, that with the policy of the Alberta Government and with its wisdom I am not going to quarrel here or anywhere, in holding down settlement there has not been, as there was at Manning, the necessity for establishing a community with all these services. A railroad would give to these people the community services close in which they are now deprived of. I think in my brief which I originally filed I gave you the names of eight



or ten communities which I think would immediately spring up and be established with the railroad coming in. Mr. Gordon this morning put that down as a detriment, it was going to cost so much money. I might have misinterpreted him, but as I read his figures I thought the establishment of additional communities, with its sidings and so on, would be an additional burden on the railroad. I think those are the kind of burdens which the north country needs, and I cannot go beyond that.

THE CHAIRMAN: You have no statistics?

MR. BALDWIN: No.

THE CHAIRMAN: Would it be possible to get statistics?

MR. BALDWIN: Yes. I think the place to go would be the Municipal Affairs Assessor and obtain from him a statement as to the number of people who are engaged in business other than farming up there. Most of you gentlemen have been through Manning, and Manning, I suggest, would simply be repeated a number of times over on the road to the north. There is, of course, Fort Vermilion. There are a number of businesses in Fort Vermilion, as well as government offices.

Now, going on to the question of agriculture.

THE CHAIRMAN: Would this be a convenient time for a little adjournment?



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Baldwin

2665

MR. BALDWIN: Yes, I would appreciate it.

---Short recess.



COMMISSIONER GAINER: Will your figures from this morning be filed as an exhibit?

MR. GORDON: Unfortunately, because of the fact that Mr. Grimble's office had to retype a lot of this, he was unable to retype them at noon, and I will personally see that it is done and I will send them out.

THE CHAIRMAN: Will you be sure to send one to Mr. Fouks?

MR. GORDON: Yes, sir.

While I am on my feet, sir, you asked me to get some information regarding freight rates on grain from Grimshaw and Fort St. John. The rate on grain for export, Grimshaw to Vancouver, is 26 cents. The rate from Edmonton is 20 cents. I was unable in the city here to find anybody who had the P.G.E. grain tariffs, so I have wired the P.G.E. in Grimshaw and they should be here tomorrow morning.

While I am at it, last week or the other day when I was discussing with you a point we brought in a railway map - I am not filing it as an exhibit - and I was able to get hold of two copies. I would like to give this to the Commission.

One other thing, just to keep the record clear - yesterday I was asked to estimate the difference in distance between Dawson Creek and Fort St. John and Vancouver. I said 30 miles. I was considerably out. The actual difference in distance



is about 7 miles.

THE CHAIRMAN: Which is farthest away?

MR. GORDON: Fort St. John is about 7 miles further, just a fraction over 7 miles further.

THE CHAIRMAN: Mr. Baldwin?

MR. BALDWIN: I started to develop this question of agriculture, and I have just a few other pertinent comments. I was quite interested in the supplementary briefs filed by the United Grain Growers and the Farmers' Union which touched on the question of possible markets which might exist for a new agricultural area to be brought into existence in the area north of Grimshaw. I think these are people who are knowledgeable in this particular aspect of our economy and who are in constant touch with the situation, both domestic and for export, and while it is speculative opinion, they are not likely to be overlooked, their views, as to the possible necessity in this country of coarse grains required for animal food production, which would be food for human beings. I think those two supplementary briefs are entitled to consideration by the Commission. It seems to me that almost all of the potential that we have been discussing, outside of possibly two matters - that we are all in the same position. Nothing has been said too much about the uranium, except in the brief filed by the railway companies, but I think it is notorious that by 1962 our contracts with the United



States are running out and we have an option, and I understand that the present situation is that they are not so likely to renew. Zinc and lead - we have made certain comments about the zinc and lead situation, the limitations on export and production, gas and oil, and so on, and I don't think you can single wheat out on one side and say this is in great surplus, we don't need anymore land brought into production. I think it all lies in precisely the same category, with the exception of lumber and certain agricultural products. This business of eliminating, underwriting and marking down wheat production as if that is what is only going out of the Peace River area and down-grading for that reason - I think that is something that the Commission should not accept as being correct.

I would like to file a letter from Mr. Manuel Bogoch, President of Peace River Seeds Limited. He is concerned as a producer, as a processor of certain seeds, particularly Rapeseeds, and he says in this letter:

The Grimshaw route would open up vast acreage for the growing of Rapeseed. This is one of the world's largest items for the production of margarine and is a basic oil in many undeveloped Asiatic nations and even in Europe. This crop can only be economically produced on low priced land and the land in the Grimshaw to Fort Vermilion area is low priced



not because of quality but because of its isolation. As a matter of fact it has been proven that Rapeseed thrives best in a cool climate 70 days from seeding to harvest. We can easily foresee the production of several hundred thousand acres of Rapeseed between Grimshaw and Fort Vermilion within the next five to ten years, if the Railway goes through that route. The revenue to the Railway could amount to a volume of several thousand carloads yearly. In addition, there are many other grasses and legume seeds which have proven most adaptable in that area and it is well known that the Peace River area already produces 40% of Canada's total grass and legume seeds. As to Rapeseed there is a ready export market at reasonable prices but it has been proven that the southern part of the prairies is not adaptable to growing Rapeseed, whereas the northern part is both adaptable because of the soil and climate and also because of the low cost of the land in the north compared with the high cost of land in the south." - and he goes on to deal with some other matters which are not directly relevant.

COMMISSIONER GAINER: Do you say 7,000 car loads?

MR. BALDWIN: Several thousand.

THE CHAIRMAN: Several thousand car



loads?

MR. BALDWIN: Yes. He is talking about, of course, several hundred thousand acres brought under cultivation. I have some figures before me. As a matter of fact, I have prepared a brief before the Board of Transport Commissioners involving the question of freight rate on Rapeseed, and I remember some prices were quoted, China and so on, and it runs into possibly some 20 million a year, and the production leaves a good opening for production in Canada, providing the price is right. Mr. Bogoch's price was in the neighbourhood of $2\frac{1}{2}$ cents to 3 cents, and his contention is that you cannot, because of climatic conditions, grow it successfully and certainly because of its inaccessibility. Mr. Bogoch, by the way, is in the city. I can't develop it anymore. If there are points arising out of this letter, he has told me to say to the Commission that he will be only too glad to answer questions, on this question of the use of production north of Grimshaw to grow forage crops and seeds.

THE CHAIRMAN: That is a pretty important-looking bit of freight. The total amount of freight that was suggested by Mr. Grimble was something like 10,000 or 12,000 carloads for the eastern route. You say he is talking about several thousand carloads that there is a market for.

MR. BALDWIN: Yes, that is in the letter.



THE CHAIRMAN: Is his address and telephone number on that letter?

MR. BALDWIN: No, I am sorry, they are not, but they are in the telephone book.

THE CHAIRMAN: Could you give them to Mr. Feehan?

MR. BALDWIN: Yes, sir.

COMMISSIONER THOMSON: Mr. Baldwin, this Bogoch seed would be used - it seems to me that I have been led to believe that they have a higher germinating quality if grown in the cooler climate.

MR. BALDWIN: Further north Alfalfa and Brome have been grown quite successfully, and, of course, they are a crop which will require railroad car loadings. The Rapeseed to the east - a large part of it would go to the east.

COMMISSIONER GAINER: Do you happen to know what that runs per bushel?

MR. BALDWIN: No, I am sorry, I can't. Mr. Bogoch was here one day - in fact, two days - but in my position I have been unfortunately coming and going. But when I took the letter I told him I would only take it on the understanding that he would be available if at any time the Commission wished to question him.

MR. FEEHAN: Would you suggest a time that might be convenient to the Commission for Mr. Bogoch to appear?

THE CHAIRMAN: I think almost anytime



next week. Perhaps we had better discuss that amongst ourselves.

MR. BALDWIN: He did have figures as to the tremendous increase in production in Rapeseed in Saskatchewan, and only comparatively recently has it spread into Alberta.

COMMISSIONER GAINER: I have taken quite a recent interest in it, and hasn't there been a publication on it from the University here?

MR. BALDWIN: I really couldn't say. I am sorry, I can't go any further than what the letter says here.

THE CHAIRMAN: Did you say, Mr. Baldwin, that grass seed generally grows better in cool climates?

MR. BALDWIN: He was referring generally to Rape, but I have no doubt that a large percentage of Canadian grass seeds grow there. The Alfalfa, Brome are all crops which are very extensively developed, and I think in the Peace River it is less than the Grande Prairie crop, and the salvation was that they had a very good Alfalfa and Brome crop. I think it is only of recent origin, and the farmers in that area were the ones who started into the Fescue.

THE CHAIRMAN: Are there reasons why it grows better there?

MR. BALDWIN: Some of the legumes -



I understand that the gray-wooded soil is one feature. Land that I can recall 30 years ago that was passed by was tried with Alfalfa and it proved very successful to the owners.

THE CHAIRMAN: Are there other people than Mr. Bogoch that you know of who are familiar with this situation?

MR. BALDWIN: There is a gentleman - no, I don't know anyone here. I believe Canada West. Mr. Bogoch is a producer and processes and exports, but I believe Canada West have an elevator 50 miles north of Grimshaw.

THE CHAIRMAN: What is the name?

MR. BALDWIN: Canada West Grain Company Limited, and McCabe's have purchased.

THE CHAIRMAN: They buy grass seeds?

MR. BALDWIN: Yes. I know that Canada West have put an elevator up in North Star.

THE CHAIRMAN: You are suggesting that grass seeds will grow better up in that area than down here.

MR. BALDWIN: Yes. I was thinking, of course, primarily of the legumes because of the grey-wooded soil. The other grass seeds - I am not too qualified in that regard. Mr. Anderson of the experimental station at Fort Vermilion - -

MR. CHAIRMAN: He dealt with that, but rather briefly.



MR. BALDWIN: I think he made some reference to the ability of the land north of Grimshaw to produce seeds, but I can't go any further than what I have in this letter and the answers I have given on it.

COMMISSIONER THOMSON: Maybe I threw my suggestion in too soon. My limited experience as a farmer is with brome grass. The seed will not germinate if grown in a hotter climate. Your northern seeds, Fox Valley and north of the Saskatchewan River, germinate almost 100 per cent when you take them south.

MR. BALDWIN: Yes. It is the raising of the crops to sell in other parts of the United States where seeds cannot be successfully raised.

In the McGregor Report on page 33 there is a break-down of the tonnage which has been hauled by Northern Alberta Railways into the Peace River country in the years 1954, 1955 and 1956. In 1956 it says 617,000 tons of agricultural produce.

THE CHAIRMAN: Outbound, 617,000.

MR. BALDWIN: Yes, and I think livestock about 30,000, animal products 23,000, mine products 87,000, forest products 311,000. I admit I am not an expert on this, but it does seem to me to be a natural corollary that the N.A.R. railroad is hauling some 640,000 or 650,000 tons of agricultural products, including animal products, in order to provide the people of that country with the means to



bring in that amount as shown in the McGregor Report. For the railroad to advance the argument, endorsed by the Chamber of Commerce, I think is completely fallacious because out-going products do not yield their fair share of revenue, and I think the same would apply to the country north of Grimshaw.

I would submit that I would anticipate a very substantial increase in the sale of the manufactured products when the people of Grimshaw are able not only to farm better the area they have but to increase the area under production.

While I am at that - here again I stand subject to correction by Mr. Gordon, or at least to revision - I filed with the Commission at Peace River a booklet entitled "A Railroad to the North". It was a project of the Peace River Planning Commission.



Included in that booklet was a formula for arriving at the approximate revenues which would accrue to a railroad company from the various types of traffic. It has agriculture at the bottom of the list, then lumber products, then mining products, and at the top of the list was the revenue derived from manufactured products. That, I think, relates to some extent to the argument I have attempted to make.

THE CHAIRMAN: I do not suppose you remember the exhibit number, but this was a document of the Peace River Planning Commission?

MR. BALDWIN: Yes, it was. It had a formula which these people here, professional economists and engineers, used in connection with this booklet which strongly favoured the Grimshaw route.

THE CHAIRMAN: That is the formula dealing with freight?

MR. BALDWIN: Yes, it shows manufactured products bear a very substantial revenue. I may be completely wrong, but it seems to me if you are going to increase the flow of manufactured products by having more people and people with a little more money in the area north of Grimshaw you are automatically going to increase the revenues. As a matter of fact, I think Dr. Gainer will recall -- I think he had some questions when Mr. Cooper was in the stand, with regard to parent companies, in regard to the establishing of this 26 cents which Mr.



Gordon has mentioned. I thought it might be of some consequence to find out how the NAR would share: do they get half and half or any proportion? I did not pursue that, but I thought it might have been of some interest.

I will file here the copy of Hansard dated March 9, 1959, which shows the breakdown of the financial statistics of the NAR from 1940 to 1956 inclusive.

THE CHAIRMAN: What page is that?

MR. BALDWIN: Page 1760. I have marked it on the outside. The significance of that page ---

THE CHAIRMAN: What is the date of that Hansard?

MR. BALDWIN: March 9, 1959. These are statistics I obtained from the Dominion Bureau of Statistics which railway companies have to file, and it gave me some interesting data on the operation of the NAR. The significance is this ---

THE CHAIRMAN: That will be Exhibit 52-VVV.

---EXHIBIT NO. 52-VVV: Copy of Hansard dated
March 9th, 1959.

MR. BALDWIN: This shows a list of items, operating revenues, operating expenses and so on. You go to the gross corporate income, and over the period from 1940 to 1956 it would show to my inexperienced hand the gross profit of some \$20 million. As against that has been set a non-operating expense, which no one seems to understand, and in each case it almost



balances the corporate income. The NAR shows over that period of time a net profit of about \$85,000. Someone may be able to break down these non-operating expenses but it is impossible for me. This goes down from \$1600 thousand to \$1000, and in each case it balances the corporate income, so there is no net profit or loss. That may have no significance, but taking the gross corporate income, the NAR for that period 1940 to 1956 has not suffered.

THE CHAIRMAN: Do they distinguish between the two parts of their railway system, that which goes to the east and that which goes to the west?

MR. BALDWIN: No, but I think when you take the MacGregor Report -- I have taken his figures -- in the Peace River country in 1956 there was about 1,058,000 tons and I estimated there was much more than ten per cent of that in Waterways.

THE CHAIRMAN: Perhaps the Edmonton Chamber of Commerce could help you. We were given those figures the day before yesterday, and it was something like that.

MR. BISHOP: That is it substantially.

COMMISSIONER GAINER: One hundred and forty-five thousand, would that be the equivalent figure for McMurray?

THE CHAIRMAN: Mr. Bishop was arguing that the volume of freight to Waterways was less than the volume of freight to Peace River, consequently it would



be of great advantage to Waterways to have more freight so as to have an increase in service, or I think the corollary was what he was arguing, that a reduction of freight might interfere. Is that right, Mr. Bishop?

MR. BISHOP: That is right, sir. In support of that argument the figures we produced at that time were substantially as Mr. Baldwin has stated just now.

MR. BALDWIN: It may be so. I won't quarrel with you, but the point I was making is despite all these anguished cries about agricultural products, the NAR does not seem to have done too badly in that period of time.

THE CHAIRMAN: That is the point of your submission?

MR. BALDWIN: That is the point. That is as far as I dare venture with Mr. Gordon looking at me.

THE CHAIRMAN: What you are saying is, most of the freight carried by the NAR arises out of agriculture in the north?

MR. BALDWIN: On the 1956 breakdown, and that must have been essentially in order to produce the backhaul and the manufactured products. Unless farmers have money they cannot buy machinery and food.

COMMISSIONER GAINER: But you are not suggesting, are you, that most of the freight carried was agricultural freight in terms of tonnage,



necessarily?

MR. BALDWIN: Well, that is what that figure shows. Does it not indicate that if you have the 617,000 tons plus the 25,000 -- I was quoting the total.

COMMISSIONER GAINER: Deducting the inbound manufacturing?

MR. BALDWIN: The total they give for the railways is 1,078,000 tons.

COMMISSIONER GAINER: That is outbound?

MR. BALDWIN: What is the inbound?

COMMISSIONER GAINER: 586, most of which is manufactured goods, of course.

MR. BALDWIN: That is very close to half, is it not?

THE CHAIRMAN: Over half.

COMMISSIONER GAINER: Except that includes forest and mines, the outgoing figure, but this is what ---

MR. BALDWIN: The point is there was at least a very substantial carriage of agricultural products which at a lower rate may have been carried but it did cause the return of the manufactured products.

THE CHAIRMAN: In these figures which are in Hansard that you refer to, when you say that the NAR has had a gross profit of \$20 million, which I think has been reduced to a small net profit ---



MR. BALDWIN: By the use of this non-operating expense which I have not been able to track down.

THE CHAIRMAN: Has allowance been made there for interest on investment?

MR. BALDWIN: So far as I have been able to ascertain in examining the year books which the DBS put out, there is not a sufficient breakdown to acquire that information. If I understand it, there is a statutory requirement that the railway companies must file certain information with the DBS.

THE CHAIRMAN: What is DBS?

MR. BALDWIN: Dominion Bureau of Statistics. Apparently they are not required to bring it down to the point where you can have the information you would like to have.

For instance, there is such a thing as rental and rolling stock. To what extent that is and what item it is carried on, I do not know. I just thought it is of some significance that there are the figures which show if this net operating item, which seems to be very flexibly manipulated, is taken into consideration. There has been, as far as gross profit is concerned, gross corporate profit -- that is taking off your operating expenses -- not an inconsiderable sum of money.

COMMISSIONER GAINER: Can you draw any conclusion about profitability without knowing something



about the non-operating expense factor? Granted it may be that these are drawn in a very flexible fashion in this case, but in every operation there would be a factor of non-operating expense.

MR. BALDWIN: I quite agree. Perhaps this is just my suspicious mind, but I quite agree there is that factor. At least, it is an answer to the Chambers' briefs that all the agricultural products results in a loss of double gross revenue to the railway company.

The only other point I had here was one which Mr. Guest touched on, and that is that the railways are apparently making a serious, concerted effort before the McTague Commission to have some alteration in the existing structure on tariffs for export. Of course, *res adjudicata* it is not part of the province of this Commission to inquire as to whether they would or should be successful. Apparently they are making a serious effort and when you are looking ahead at all these various contingencies and the possibility that a substantial subsidy might well accrue which would place an entirely different light on the revenue to be acquired from the hauling of agricultural products.

COMMISSIONER GAINER: Perhaps that will be known before we finish the hearings.

MR. BALDWIN: As a matter of interest, some people were down at my house three days ago



from the La Crete area, who told me of an excellent crop, no stoppages of water. They went on threshing when the storm came over which we had in the Edmonton district. Mr. Klaus Peters of the Mennonite Church had 60 bushels to the acre of wheat, and correspondingly high crops from oats and barley. I mention that because I think we should refute this statement which appears in the Edmonton Chamber of Commerce brief on page 51:

"The wisdom of encouraging marginal agriculture, in the face of grain export difficulties, is open to question. To encourage at the expense of the immensely promising new mining industries of the north is indefensible."

I simply say I have taken issue with that statement in the light of information which I have and which has been passed on to the prospects of this country, the agricultural prospects of this country to the north.

Now, for lumber. I have here a map, and there has been a little controversy which has arisen in connection with lumber. Copies of the map, not annotated, but the map itself has been available to the members of the Commission and the Chamber of Commerce -- perhaps if I put the map up on the bench it would be easier to follow.

This map I gave to the Chief Forestry Division Officer of the Peace River Division ---



THE CHAIRMAN: We will mark this as an exhibit.

MR. FEEHAN: I was wondering if Mr. Baldwin's exhibits should be marked a different number, No. 61?

THE CHAIRMAN: We will call this Exhibit No. 61.

---EXHIBIT NO. 61: Map presented by Mr. Baldwin.

THE CHAIRMAN: You have shown this to whom?

MR. BALDWIN: I simply left a copy with no notations on it with Mr. Larry Gauthier who is the chief forestry officer, and I said to him ---

THE CHAIRMAN: What is his position?

MR. BALDWIN: Well, I call him the chief forestry officer; he is in charge of the Peace River Forestry Division.

THE CHAIRMAN: At Peace River?

MR. BALDWIN: Yes. I asked him to mark on it the location of the mills and the timber berths which in his opinion, from his knowledge of the country, are contiguous and tributary to the Mackenzie highway and would be equally tributary to a railway going in on the route proposed in the west. He had previously given to me a statement which showed that for the three years 1956-57, 1957-58, 1958-59, which I took because I could compare that with Wood Buffalo Park, there had been a total production of 62,678,000 fbm.



THE CHAIRMAN: In what period?

MR. BALDWIN: That was the three years 1956-57 up to and including 1958-59. He also told me at the time that the so-called management divisions do not go north of Keg River. They do not go north of Keg River at the present time.

You will see marked on this map the names of eight companies which have existing berths, and it is quite significant that there are two substantial applications of Swanson Lumber and one application, I do not know how substantial, of Western White Spruce, which at the present time operates a mill at Hines Creek. I am told by Mr. Gauthier, with regard to Western White Spruce, their operation -- I think they have just recently commenced that -- truck down the Mackenzie highway and over to their mill at Hines Creek.

THE CHAIRMAN: Who is that?

MR. BALDWIN: Western White Spruce. They have a fairly substantial cut. There is a production of 5 million in 1956-57 to the north.

THE CHAIRMAN: They haul it to Hines Creek?

MR. BALDWIN: Yes.

THE CHAIRMAN: Where it is milled?

MR. BALDWIN: Yes. I understand that company has recently changed hands.

Now, you will see on this map, I think, about four current applications and several proposed



ANGUS, STONEHOUSE & CO. LTD.
TORONTO, ONTARIO

Baldwin

2686

applications. Perhaps I might go around there to
explain.



This thin red line is the Mackenzie Highway. Now, here are existing applications. These red lines denote the areas of operating areas and future expansion. Mr. Gautcher is of the opinion that lumber up from the area directly north and west of Hines Creek will still continue to come down from Hines Creek.

COMMISSIONER GAINER: Where is the end of rail?

MR. BALDWIN: It is down here, but the Clear Hills are a definite handicap, and naturally they wouldn't come down this way from an area some 60 or 70 miles west of Hines Creek and go across to the Mackenzie Highway. But in this area he feels it is likely that that would be tributary to the Mackenzie Highway. Here are the existing mills and the berths.

Up here in the north, not included in the management areas at all, are 1, 2 and 3. It looks like at least three applications - four - and several anticipated applications. He said they are quite busy trying to cruise all about this area. They anticipate that they will be made.

COMMISSIONER GAINER: One point. This whole area was included in the residual area of P-O in our earlier discussion, wasn't it? In other words, there were enough management units specified to soak up the whole of the Peace River District.

MR. BALDWIN: I wasn't here. But it



was in these companies that the production of the 62,678,000 feet was received in the years 1956 to 1959 inclusive, an average of about 21 million board feet.

Now, with regard to the shipments, P-3 was the area, I think, defined down here. There has been no production in the northern part of P-3, and any lumber coming down is from the Mackenzie Highway.

THE CHAIRMAN: There were two management districts.

MR. BALDWIN: The documents which I received show that P-4 has no production and no allowable cut at all.

THE CHAIRMAN: You say there is no production from P-3 or P-4 for how long?

MR. BALDWIN: Not from P-4 which would come in for shipment.

THE CHAIRMAN: Nothing would come into the Peace River which doesn't come across the river.

MR. BALDWIN: No. The point I make is that the lumber shipped to Peace River is lumber from the Mackenzie Highway.

COMMISSIONER GAINER: He didn't indicate in the event of lumbering operations going on in here where he felt it would come in east and south of the river or whether it would cross the river.

MR. BALDWIN: If you will notice this



notation here - one billion board feet of saw timber, and 4 million cords of coniferous pulp timber. Access west and north if railway, otherwise southwest. The opinion he had formed was that if no railroad was constructed the production in this area would come down southwest. Whether that meant Peace River or the Lesser Slave, I don't know, but that was his view.

COMMISSIONER GAINER: What do you mean by "this area"?

MR. BALDWIN: That is one billion board feet. If there is a railroad, I would point out that there is now contemplated and under serious discussion a crossing of the Peace River, I think east of Paddle Prairie at a point known as Thompson's Landing. The people in the La Crete area have been agitating for it, and I think it is under serious consideration, a road down here, and a ferry in the summer. It is called Thompson's Landing, and it is approximately west of Paddle Prairie. I think it will be put through whether there is a railway or not to give some relief to the farmers there.

THE CHAIRMAN: How expensive would it be?

MR. BALDWIN: There is one at Dunvegan which will be replaced by next year. It operates with two men. I couldn't tell you the cost.

THE CHAIRMAN: They are not very costly.

MR. BALDWIN: I wouldn't think so. But



this is in prospect irrespective of the railroad, as I understand it, and I would point out - and I haven't been able to put my finger on any information - that while the valley at Peace River town is about a thousand feet, it is very definitely far less than that further north, and from my experience in going up and down this area on the boat, and once on foot, I would doubt if the banks are much over 500 feet. But I don't know. Apparently it is considered as a feasible engineering project to build a road there to give access to the farmers in the La Crete area, and that is where a very substantial part of the production in the Wabiskaw area would come.

MR. FEEHAN: Was this not the area that was divided half and half by Mr. Grimble?

MR. BALDWIN: I wasn't here.

MR. BISHOP: That was one, and I think this large green block.

MR. BALDWIN: Well, there is no uncertainty that Mr. Fisher - the present opinion is that these operations are tributary.

MR. BISHOP: Our stand on that point was that if the railway was here it would all go there; if it was there it would all go to Peace River and down, so on that basis it was divided evenly.

MR. BALDWIN: I think the holdings of Denney and Swanson are along the valley of the Peace. I think I told you about the projected road along



here, and as the crow flies it doesn't look much over 100 miles, and another extension into the park, which would be a road which would provide access to logging operations east of the park boundary as well as west to a railway at High Level. The mileage I haven't been able to figure out and I don't know to what extent the survey has gone, but it looks on the map to be a fairly straight road.

MR. BISHOP: It is on that large map on the wall.

MR. BALDWIN: Yes, you can see it on that large map on the wall.

THE CHAIRMAN: That wouldn't help Mr. Denney very much for his big mill at Fitzgerald.

MR. BALDWIN: No, I realize that.

COMMISSIONER THOMSON: Isn't that the road which this Chamber of Commerce brief considers taking out or deferring?

MR. GORDON: I think Mr. Grimble figured that if it went up the east route that road wouldn't be necessary. It was to give that area access now where it hasn't got it.

COMMISSIONER THOMSON: Haven't the government committed themselves to build that road?

MR. BALDWIN: It is part of the Road to Resources program. That was part of the 15 million dollars that was said to be for Alberta. That was part of the Road to Resources program which the two



governments had reached in the program. If it is a matter of what might be done in the future in order to justify and draw in more revenue to the western railroad, I think, with the expenditure of the same amount of money caused by these two highways - it looks to be very expensive - we could certainly enlarge the area which would tributary to the west, and this is one road which would certainly have that effect.

Now, as against that, the Hansard which I filed showed - and, after all, you have the records of a provincial government that there has been an average of 21 million a year produced for the three previous years in an area contiguous to the Mackenzie Highway. For the same period in Wood Buffalo Park there was a grand total of 23 million, produced by those two companies, in addition to which, of course, there was the Eldorado cut, which probably wasn't a commercial cut in the same sense, of, I think, about 28 million over a 7 or 8-year period. So there is, even if you add the Eldorado cut, averaging it out about 3 million or 4 million a year, almost twice the existing production on the west as on the east.

THE CHAIRMAN: Of course, Mr. Baldwin, that is hardly a fair comparison in view of the fact that Denney's mill has just been completed.

MR. BALDWIN: They have had their berths since 1951. The High Level Company has only been in there for two or three years. I think



Mr. Swanson said that they only got their berths a year or so ago.

THE CHAIRMAN: When they have the application in does that mean that they have committed themselves to spending money for a mill?

MR. BALDWIN: As I understand the regulations, when an application is made I think it is thrown open for bid, and they must bid a certain amount, and that deposit is kept to see that they open it up and stumpage is paid. There are a number of comparatively small berths by companies which have been functioning in other parts of the province. I have no doubt at all that next year and the year after there will be a substantial increase in production from the new companies going in there.

THE CHAIRMAN: You have no doubt, but you are not an expert lumber man.

MR. BALDWIN: No, sir.

THE CHAIRMAN: Have we got any evidence that would suggest that the same type of progress has been made to increase the lumber cut in the west?

Mr. Denney has spent about 2 million dollars.

MR. BALDWIN: I think the Northwest people figured at least a million dollars was invested.

THE CHAIRMAN: But has it been invested in mills that haven't yet been running? What I was thinking about was this, that when we compare the production on the east side and west side we find



there is less in the last three years to the east, but it seems that that is not quite a fair comparison, because there is now a mill that is just ready to operate and which presumably will turn out or least be in a position to turn out a lot of lumber next year. Are there mills on the west side which are not operating, but which will operate next year and turn out lumber next year?

MR. BALDWIN: I would think it most significant that the Department of Northern Affairs saw fit to reduce the two companies to one million board feet per year, and it was apparently at their request or as a result of negotiations that the minimum requirements of those two companies was reduced to quite a low figure. It doesn't - it may well go over that. I am not in a position to question it at all.

As far as the west is concerned, there are eight companies which have been in effective operation for a number of years. The Western White Spruce alone from Hines Creek was producing about 5 or 6 million. The berths are not of the order of those which have been granted in Wood Buffalo Park, but there are applications going into new areas where there are substantial quantities of sawlogs; it could be anticipated that their production could be increased.

THE CHAIRMAN: The evidence we have



got from some of them was that 30 million feet is cut up there, and it turned out to be - -

MR. BALDWIN: That was the evidence given by Mr. Jason of the North Star, U.F.A. The evidence of Mr. Fisher was that his production would be in the order of 11 million, 12 million.

MR. BISHOP: I think, Mr. Chairman, Mr. Collins of Northwest Lumber testified that his production would be 25 million, or in that order.

THE CHAIRMAN: I was wondering whether you can give us any more enlightenment on what the prospects of increased production are along the western route. There are no new mills being built, there is nobody who says he has got so much money to build a new mill with.



MR. BALDWIN: Well, of course, these companies, Swanson is new and Hamilton is new and La Crete just went in about a year ago.

THE CHAIRMAN: One may go in on a serious venture or may go in on the prospect of a railway being built?

MR. BALDWIN: That seems to be the case on the east side as well. I think the same argument can be used on both sides. I do not know about Mr. Hamilton of Swanson.

THE CHAIRMAN: Well, we tried to get as much as we could from Mr. Denney and Mr. Hamilton can get as much as we can from you.

MR. BALDWIN: The only other point I might bring up with regard to it is this. The year 1956 was a year in which Mr. Grimble in his oral evidence or in his brief indicated there was a tremendous production of 22 million feet in the park, but I examined the MacGregor Report at page 33, which shows at the bottom in the left hand corner ---

THE CHAIRMAN: What page?

MR. BALDWIN: Page 33, and it shows that the freight arriving at McMurray by water transport and then sent southward on the railway in 1956 was 2,091,000 tons, which only be between two and three million board feet. That may not be a fair comparison, it may be some of the timber was kept over. When you argue in years on one side I think the same argument



holds on the other, and out of the 22 million board feet alleged to have been cut in the park apparently only $2\frac{1}{2}$ million arrived at McMurray to be shipped out.

THE CHAIRMAN: Mr. Baldwin, it is ten minutes to five, and we would listen to you as long as you would talk, but we do not want you to miss your plane.

MR. BALDWIN: I am afraid you are quite right. As usual, I have well under-estimated my loquacity. I am afraid I will have to leave this and possibly find a day to come back, if that is suitable.

Before leaving lumber I will make one comment. The last time I was here I think you intimated some question was raised as to the boundaries of the park, and I believe you intimated it was your view and probably the view of the Commission that when you make your recommendation you consider it possible that some recommendation might be included with regard to the park boundaries. Perhaps I misinterpreted you?

THE CHAIRMAN: I do not know whether we should recommend changing the park boundaries. It would seem to me that in the process of writing a report we should refer to the lumber that is there, because I am assuming if the Government wants the park boundaries changed there will be no difficulty about that. I do not think it is up to us to go into that.

MR. BALDWIN: I do not know how far you



went but I think I should point out it would be free for you, or any of you, to go in either direction if you felt there was a situation where there might well be equal quantities of lumber available on either side of the railway. If you had to make a choice you might not be amiss to consider taking into consideration the lumber in a national park in contrast to the lumber outside the national park. I think as well it would be open in a recommendation to -- at least there is scope for a remark that where you have two opposite areas and the quantity of timber is equal and a railway to the east will open up the eastern area at the expense of increased development in the west, and a railway in the west would open up timber at the expense of timber in the east, but the fact the timber in the east is in a national park is of some significance.

THE CHAIRMAN: You will get in touch with us when you can tell us when you will be able to complete your rebuttal?

MR. BALDWIN: Yes, I will.

THE CHAIRMAN: We will adjourn now until Monday at one o'clock.

---Adjournment.

